Audit of Merger of Department of Parks and Public Infrastructure

June 2005

Committee on Finance and Audit

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June 8, 2005

To the Honorable Chairman
of the Board of Supervisors
of the County of Milwaukee

We have completed an audit of the Department of Parks and Public Infrastructure. The audit, conducted at the request of the County Board, includes recommendations to address issues identified in the report.

A response from the Department of Parks and Public Infrastructure is attached. We appreciate the cooperation extended by the Department of Parks and Public Infrastructure staff during the audit.

Please refer this report to the Committee on Finance and Audit.

Jerome J. Heer
Director of Audits

JJH/cah

Attachment

cc: Milwaukee County Board of Supervisors
Scott Walker, Milwaukee County Executive
Julious Hulbert, Associate Director, Department of Parks and Public Infrastructure
Sue Black, Parks Superintendent, Department of Parks and Public Infrastructure
George Torres, Transportation Superintendent, Department of Parks and Public Infrastructure
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Audit of DPPI Merger

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Summary

The County Executive's 2004 Recommended Budget proposed creating a Department of Parks and Public Infrastructure (DPPI) by merging the former Department of Public Works with the Department of Parks. For 2003, prior to the merger, DPW had an expenditure budget of $256.4 million with 756 full-time equivalent (FTE) positions, which includes both the Airport and Transit division budgets. The Department of Parks had a budget of $42.9 million with 759 FTE positions. The overall savings anticipated from these and other budgetary streamlining efforts for 2004, totaled a direct property tax savings of $3.4 million for the combined DPPI. The 2004 Adopted Budget also directed that an audit of the new department be conducted at the end of the first year. Subsequent to that action, the County Board initiated a resolution (File No. 05-114) in March 2005 to abolish DPPI and create the Department of Public Works and the Department of Parks, Recreation and Culture, similar to the departments that existed prior to the merger. The County Board agreed to layover that resolution until July 2005.

Attributing Cost Savings to the Merger vs. Other Factors

Measuring the true fiscal impact of merging the former Department of Public Works and Department of Parks, however, is a difficult task. This is due to the reality of numerous interactive variables changing simultaneously during the merger implementation process. These variables included:

- A general County-wide reduction in resources, including funded staff positions, to achieve the overall budgetary goal of a zero property tax levy increase in the face of escalating costs such as wages, employee and retiree health care, pension contribution and state-mandated social services.
- Operational efficiencies that occurred in response to the above pressures, some as the result of the merger, others that were realized irrespective of the merger.
- Changes in the frequency and/or quality of services performed. Some of these changes may have been planned in response to the previously noted resource reductions, others may have occurred as the result of extended vacancies in funded positions or in response to unanticipated revenue shortfalls during the year.
- The retirement of key personnel.

Since the merger of the two departments was initially conceived as a cost-saving measure, attempting to ascribe a specific value to the cost savings associated with the merger in some ways begs the question, "which came first, the chicken or the egg?" Clearly, the data shows that the direct property tax levy cost of operating the combined DPPI in 2004 was approximately $500,000 less than the direct property tax levy required to operate two separate pre-merger departments in 2003, *even as the fringe benefit cost of remaining personnel rose nearly $4.5 million.*

Certainly, significant cuts were made in personnel costs; personal services expenditures were reduced by $5.6 million. This $5.6 million in reduced wages, accomplished by a combination of position abolishments, reduced utilization of overtime and hourly employees, as well as holding positions vacant, resulted in an estimated additional *cost avoidance* of approximately $2 million in associated fringe benefits.

Consequently, while it is virtually impossible to accurately identify the savings directly associated with the merger, it is fair to say that the fiscal impact of merging the departments, in conjunction with associated operational changes and resource reductions, resulted in *cost avoidance* of at least $7.6 million in achieving a 'bottom line' reduction of $500,000 in direct property tax levy.

Merger Planning and Implementation Issues

Basic to achieving any major reorganization or restructuring is the creation of a well thought-out plan, an implementation strategy and timetable, specific role assignments, and frequent communication. Periodic progress evaluation and ongoing adjustments are also critical elements of a successful merger implementation. Following are problems we noted concerning how the DPPI merger was implemented.

- Absence of a clearly defined merger plan. Assignment of some duties and responsibilities was fragmented and unclear.
- The role and responsibilities of the DPPI Director were unclear from the onset of the merger. This problem was compounded by rapid turnover in, and frequent vacancy of, the DPPI Director's position.

Facilities Management

One of Facilities Management's primary functions is to provide skilled trades services County-wide. The merger brought together 82 authorized skilled trades positions (e.g., electricians, plumbers, carpenters, etc.) from the former DPW Facilities Management and 33 authorized skilled trades positions from the former Parks Maintenance unit (excluding managers). According to the 2004 Adopted Budget, skilled trades staff were to be merged to maximize the use of equipment and personnel, consolidate inventories, and allow for a combined work order system to prioritize and schedule skilled trades activities. Our review of actual Facilities Management operations indicates that there has been no true consolidation of these units. Rather, the former Facilities Management and Parks Maintenance units continue to operate in the same fashion as they did prior to the merger. Each unit continues to maintain separate processes for completing work order documents, reporting procedures for repairs, scheduling skilled trades workers on projects, and storing/tracking inventory and supplies. The lack of a unified system for scheduling and monitoring work flow has also made it difficult to measure any benefits that may have accrued from the consolidation effort. As a result, though merged on paper, it does not appear that the Facilities Management area has fully realized the intended efficiencies of greater flexibility, shared maintenance and equipment, improved response times, and elimination of duplicate services.

Architectural, Engineering and Environmental Services

Architectural, Engineering and Environmental Services (AE&ES) consists of five units that provide a core competency of professional and technical services to research, design, administer and implement a diverse combination of public works programs and projects. The DPPI merger combined AE&ES with four landscape architects and a natural resources specialist from the former Parks Department. Also, at the same time, AE&ES management assumed the responsibilities previously performed by two management positions from the former Parks Facilities Planning section that were abolished as part of the merger. The merger of these two units was expected to create greater coordination and allow landscape architects to work on non-Parks projects when appropriate. The director of AE&ES points to some positive benefits of the merger, even though the degree to which landscape architects have been incorporated into non-Parks projects has been small. Knowledge building has occurred on both sides, as staff from both units have become more familiar with the other's day-to-day activities and projects, improving coordination when working together on Parks projects. AE&ES staff have taught the landscape architects better project budgeting techniques, while the landscape architects have shared their expertise in land issues and planning.

Highway Maintenance

To meet the DPPI merger's goal of reducing costs and duplicative services, transferring road maintenance and snowplowing operations for all parkways from the Department of Parks to Highway Maintenance seemed an immediate efficiency. The merger transferred eight vacant Parks Maintenance Worker II positions and equipment used for plowing and road repair to Highway Maintenance. In June 2004, management took steps to improve work efficiency and flexibility by receiving County Board approval to abolish the eight vacant Parks Maintenance Worker II positions and replace them with seven Highway Maintenance Worker III positions. In this way, persons hired would be on a similar pay scale to other Highway Maintenance Workers and could operate both Parks and Highway Maintenance heavy equipment. Yet, because the positions were never filled, the additional responsibilities were assumed by Highway Maintenance without a corresponding budget increase. Our survey of area municipal public works officials and Sheriff's Department officers indicated that although there was a general drop in satisfaction with snowplowing activity in 2004-05 compared to the prior snow season, ratings were still in the average to above average range. Despite the apparent success of this aspect of the merger, by mutual agreement of the division administrators, the Parks Division formally resumed responsibility for snowplowing a small number of parkways in May 2005 due to concerns about the low priority assigned to its areas.

There was another efficiency gained by the merger. Both the Parks Division and Highway Maintenance have grass cutting responsibilities. Highway Maintenance is responsible for cutting grass along the expressways and certain stretches of state and county highways. The Parks Division, which maintains thousands of acres of park grounds, assumed responsibility for cutting grass on County trunk highway medians. According to Highway Maintenance management, cutting grass on County medians represents an estimated 20% of all median grass cutting done by Highway Maintenance.

Fleet Maintenance

The DPPI merger combined two small equipment repair units operating independent of one another. One was managed by the Fleet Management, while the other was operated by the former Parks Maintenance unit, which worked exclusively on Parks equipment. No specific direct dollar savings were claimed as a result of this merger. However, the elimination of the duplicate services and the flexibility afforded by the reclassification of positions should provide the ability to better handle peak service periods, thereby limiting future need to fund additional positions.

That benefit has already been realized due to the extent of which Fleet staff serviced equipment previously serviced by Parks Maintenance staff. In 2004, 31 different staff other than the two that transferred as part of the merger worked the equivalent of 2.7 full-time equivalent positions on Parks equipment. Thus, had the merger not taken place, staff time equating to $124,124 would have been needed to meet service needs, or needed service would have been severely delayed or not performed at all. Such delays would have had a domino effect on the productivity of Parks Division staff that relied on their equipment to perform their duties.

Security

While not directly merger-related, we identified concerns in one area administered by the Director's Office, Security. Based on our review of the initial training regimen and on interviews with members of front-line staff, management and the Courthouse Security Sub-Committee (formed as a result of the Commission on Security and Crisis Management), the initial training provided by Security is very good. Subsequent training, however, is minimal and obtained by only a limited number of officers. Both the present and former managers of Courthouse Security cited staff attendance as a major problem, primarily due to use of sick leave (including Family Medical Leave), and shortages in staffing which limited their ability to send Security officers for additional training. DPPI recently obtained approval to abolish two full time Security officer positions and to create four hourly positions to provide additional flexibility in meeting scheduling demands. It is critical that significant improvement is made in achieving ongoing training for County Security staff. A single lapse in security could have potentially catastrophic consequences, in terms of both human casualties and monetary losses from property damage and litigation.

Conclusions

The merger of the former Departments of Public Works and Parks in the 2004 Adopted Budget was a complex undertaking. The timing of the merger made implementation particularly difficult, as a combination of enhanced pension benefits for veteran employees and tight budgets led to the loss of a great number of experienced employees and senior managers. Based on our financial and qualitative analysis of the performance of the combined Department of Parks and Public Infrastructure subsequent to the merger, we make the following observations.

- In large part, the merger of two major County departments was accomplished in name only. With a small number of exceptions, the general lack of synergy between the core missions and functions of the two predecessor departments of Parks and Public Works contributed to a failure to achieve a true blending of the organizations into a unified culture.

- The inability to achieve a truer collaboration may be attributable to an attempt to merge two distinctly different organizational cultures with different missions, management styles and priorities. Symptomatic of this is the difficulty in developing and implementing a clear, universally accepted vision of the consolidated DPPI.

- Merger implementation, already hindered by a lack of synergy and lead-time for appropriate planning, was further hampered by a void in leadership to develop, communicate and refine a vision for accomplishing the task of consolidation. Vacancies in key management positions, most notably the DPPI Director position, contributed to an environment in which roles and responsibilities were unclear, and in which there remains indications of competing interests among the divisions for scarce resources, rather than a sense of cooperation and coordination.

- The absence of leadership and a clear, detailed merger implementation plan may have contributed to an environment in which budgetary control and accountability was compromised. We identified 118 items that were purchased totaling $289,528 in 2004 that appear to have been initiated and approved for Parks Division purposes, but were funded from Facilities Management accounts. Although it may be argued that both units are organizationally under the same management umbrella, such transactions ignore the lines of accountability established with formal adoption of the annual County budget, which contain separate appropriations for Facilities Management and the Parks Division.

- Although survey data suggests some decline in service quality, the process of merging the two predecessor departments into a combined DPPI in the 2004 Adopted Budget was successful in achieving the desired goal of maintaining essential services without increasing property tax levy support from 2003 levels. In fact, the direct property tax levy cost of operating the combined Department of Parks and Public Infrastructure in 2004 was approximately $500,000 less than the direct property tax levy required to operate two separate pre-merger departments in 2003, even as the fringe benefit cost of remaining personnel rose nearly $4.5 million.

  However, given the County-wide budgetary goal of a zero property tax levy increase for 2004, it is difficult to attribute these entire savings to the merger initiative, as opposed to the general pattern of austerity and reduced resources. Ultimately, we have concluded that it is fair to say the fiscal impact of merging the departments, in conjunction with associated operational changes and resource reductions, resulted in significant cost savings in achieving a ‘bottom line’ reduction of $500,000 in direct property tax levy.

- While the two predecessor departments of Parks and Public Works lacked an overall synergy, there were certain functional areas where merger implementation has been relatively successful, including snowplowing, road maintenance, median mowing and maintenance, and small engine/equipment repair. These areas appear to have yielded some operational efficiencies and could reap even greater benefits in future years as longer-term equipment savings and experienced-based productivity increases are realized. Consolidation of some engineering functions has also been successful, although there appears to be more opportunity in that area.

- Literature indicates that successful merging of independent organizations can take 3-5 years to fully materialize. Therefore, it could be argued that it is premature to evaluate the long-term effectiveness of the DPPI merger. However, based on our analysis, we do not see indications of an ongoing commitment to proceed with a natural progression of planning, evaluating and revising a merger implementation strategy.

In light of our observations, it may be prudent to consider reverting back to a two-department structure, but with retention of the improved coordination in certain overlapping functions as described in this report.

Alternatively, if the current structure is retained, it is imperative that a permanent Director of DPPI be appointed, and that immediate steps be taken to articulate and direct a singular merger implementation strategy.

We would like to acknowledge the cooperation of the Department of Parks and Public Infrastructure staff throughout the audit process. A management response is included as **Exhibit 11**.

Background

The County Executive's 2004 Recommended Budget proposed creating a Department of Parks and Public Infrastructure (DPPI) by merging the former Department of Public Works and former Department of Parks. According to the proposed budget, the goal of the merger was to "allow for greater flexibility in providing services, share maintenance and use of equipment, and improve response time." Moreover, it strove to reduce the cost of operating services, eliminate duplication of services and functions, and reduce layers of management. The budget document states that the primary goal was not to change reporting lines and abolish management positions, but to fundamentally change the way the two departments have always conducted business.

Exhibit 2 shows the organizational charts of the two departments in 2003, prior to the merger. As initially conceived, the new department was to have seven divisions: Parks; Facilities Management; Fleet Management; Architecture, Engineering & Environmental Services; Highway Maintenance; Transit; and Airport (**Exhibit 3**). It also eliminated 32 management positions. The proposed reorganization recommended the following general changes in five of the seven divisions:

- *Architecture, Engineering & Environmental Services*: Transferring landscape architects from the Park Planning Section to Architecture, Engineering and Environmental Services.
- *Facilities Management*: Consolidating skilled trades staff into one division to increase the efficiency of equipment and personnel. Consolidating inventories and combining the work order systems would further increase efficiency.
- *Fleet Management*: Transferring mower and equipment mechanics from the Department of Parks to Fleet Management. Previously, Park's small engine repair shop was the only engine-mechanic activity not performed by Fleet Management.
- *Highway Maintenance*: Transferring Park Maintenance workers and large plowing equipment to Highway Maintenance to relieve the park system of road maintenance, costly equipment and materials.
- *Parks*: Consolidating golf services and programming, combining all horticultural services into one section, and increasing the number of Parks Operations regions from three to four.

The 2004 Adopted Budget reduced the number of divisions in the proposed Department of Parks and Public Infrastructure from seven to two: Parks and Transportation. Also, it abolished 51 positions, including 32 management positions, and created 10 new positions (eight management positions) for a net reduction of 41 positions (24 management positions). Each of the seven divisions proposed in the Recommended Budget were placed under either the Parks or

Transportation Divisions in the Adopted Budget (**Exhibit 3**). **Exhibit 4** shows organizational charts for DPPI for 2005.

The net salary savings attributed to these abolished and created positions was $2.5 million, offset by $250,000 in revenue lost by these actions (see **Exhibit 5**). These savings came from two sources, actual merger savings and restructuring within existing divisions, including some that were totally unaffected by the merger.

The 2004 Adopted Budget also required that the DPPI Director provide the County Board with a detailed organizational chart and appropriation accounts in January 2004, and a progress report on implementing the new departmental model in July 2004. It also directed that an audit of the new department be conducted at the end of the first year.

Subsequent to this action, the County Board initiated a resolution (File No. 05-114) in March 2005 to abolish DPPI and create the Department of Public Works and the Department of Parks, Recreation and Culture, similar to the departments that existed prior to the merger. The County Board agreed to layover this resolution until July 2005.

Section 1: Overall Fiscal Impact of the Merger

The merger of the former Departments of Public Works (DPW) and Department of Parks (Parks) brought together two departments with several divisions under the direction of the newly created DPPI Director. For 2003, prior to the merger, DPW had an expenditure budget of $256.4 million with 756 full-time equivalent (FTE) positions, which includes both the Airport and Transit Division budgets. The Department of Parks had a budget of $42.9 million with 759 FTE positions.

Expected Savings from Merger

The merger of the Departments of Public Works and Parks was expected to generate fiscal savings, important at a time when County financial pressures were continuing to build.

In addition to efficiencies gained by merging duplicative services, the merger was expected to generate fiscal savings, important at a time when County financial pressures were continuing to build.

In the 2004 County Executive Recommended Budget that introduced the proposed merger, direct property tax savings of about $3.9 million were identified by comparing the 2003 Adopted Budgets of the two separate departments with the proposed 2004 combined departmental budgets. Of that amount, about $2.4 million was attributed to savings from positions eliminated by the merger. As presented to the County Board, the budget proposed eliminating 56 positions, many of which were in management, and the movement of another 10 into lower pay levels.

Adjustments were made to the proposal by County Board action as it deliberated on the 2004 budget, resulting in significant changes to the organizational structure (see **Exhibit 3)** as well as some changes to the number of positions to be abolished. Overall for DPPI, the 2004 Adopted Budget provided a net reduction of 41 positions, with 51 positions abolished or unfunded, and 10 others created (see **Exhibit 5** for positions listed in the 2004 Adopted Budget). Of the 51 positions abolished or unfunded, 32 were in management positions. Eight of the 10 created positions were in management, for a net reduction of 24 management positions. The net wage reduction of all these changes totaled $2.3 million.

A comparison of the combined adopted budgets of the two departments before and after the merger reflected a direct property tax reduction of $2.9 million.

Table 1 shows a comparison of the combined adopted budgets of the two departments before and after the merger, reflecting a direct property tax reduction of $2.9 million. (It should be noted that virtually all of the net loss of $1 million in direct property tax levy savings stemming from County Board modifications to the County Executive's Recommended Budget was offset with adjustments to other proposed budget appropriations.) We are not including cross charge reductions in this analysis because they do not reflect actual savings County-wide based on the merger, but rather reflect a change in the level and distribution of other County departments' expenditures.

Table 1
Adopted Budgets of DPPI
2003 - 2004

Account Summary	2003	2004	Difference
Expenses:			
Personal Services	$58,986,110	$52,984,175	$(6,001,935)
Fringe Benefits	17,449,237	21,762,096	4,312,859
Transit Operations	115,609,486	119,770,984	4,161,498
Services	25,678,370	24,597,241	(1,081,129)
Commodities	10,216,703	9,675,671	(541,032)
Other Charges	22,455,624	24,708,788	2,253,164
Capital Outlay	3,437,918	3,215,789	(222,129)
Debt & Depreciation	15,749,724	20,603,676	4,853,952
County Serv. Charges	61,297,216	56,162,905	(5,134,311)
Abatements	(31,558,537)	(27,607,719)	3,950,818
Total Expenses	**$299,321,851**	**$305,873,606**	**$6,551,755**
Revenues:			
Total Revenue	**$239,810,768**	**$249,236,388**	**$9,425,620**
Direct Tax Levy	**$59,511,083**	**$56,637,218**	**$(2,873,865)**
Cross Charges from Other Departments	$5,527,403	$4,704,240	$(823,163)
Total Tax Levy	$65,038,486	$61,341,458	$(3,697,028)

Source: Adopted Budgets, 2003–2004 (including mid-year budget modifications)

Table 1 includes the Airport and Transit sections. However, the Airport and Transit sections were not fiscally affected by the merger. Thus, to avoid distorting the effects of the merger, we have excluded their budgets in the following analysis. **Table 2** shows the overall savings of these and other budgetary streamlining efforts for 2004, totaling a direct property tax savings of $3.4 million for the combined DPPI.

Table 2
Comparison of Adopted 2004 and 2003 Budgets For DPPI
(excluding Airport & Transit)

Account Summary	2003	2004	Difference
Expenditures:			
Personal Services	$49,968,973	$43,978,713	$(5,990,260)
Fringe Benefits	14,374,448	17,061,748	2,687,300
Services	14,202,110	12,881,800	(1,320,310)
Commodities	8,257,703	7,500,911	(756,792)
Other Charges	4,509,790	3,256,254	(1,253,536)
Capital Outlay	2,128,418	1,875,289	(253,129)
Debt & Depreciation	2,799,588	5,855,413	3,055,825
County Serv. Charges	42,987,002	42,691,611	(295,391)
Abatements	(30,493,441)	(26,594,674)	3,898,767
Total Expenditures	**$108,734,591**	**$108,507,065**	**$(227,526)**
Revenues:			
Total Revenue	**$69,375,269**	**$72,544,038**	**$3,168,769**
Direct Tax Levy	**$39,359,322**	**$35,963,027**	**$(3,396,295)**
Cross Charges from Other Departments	$4,473,503	$3,702,391	$(771,112)
Total Tax Levy	$43,832,825	$39,665,418	$(4,167,407)

Source: 2003 – 2004 Adopted Budgets, including mid-year 2004 modifications.

Not all of the savings anticipated from the creation of the combined DPPI Infrastructure in the 2004 Adopted Budget can be solely attributed to the merger.

Merger vs. Internal Departmental Streamlining

Not all of the savings anticipated from the creation of the combined Department of Parks and Public Infrastructure in the 2004 Adopted Budget can be solely attributed to the merger. In some cases, they were the result of management internally reorganizing operations to respond to demands of zero tax levy increases, during a time of rising costs, while still providing basic services. For example:

- The Parks Division made internal decisions to consolidate all horticultural services into one section, abolishing six horticulturalist positions and a unit coordinator in the process. Their work was picked up by horticultural staff from the Mitchell Conservatory, Boerner Botanical Gardens and Wehr Nature Center. Wage savings attributed to this decision for these seven positions totaled $269,768.

- The Parks Division reorganized its management of regional operations by abolishing two Regional Managers (savings of $159,352) and creating a Deputy Regional Manager position at $60,754, for a net savings of $98,598.

In other cases, management simply abolished non-critical positions, though the decision was not directly associated with any internal reorganization. In some of these cases, the positions had been vacant for some time. For example:

- AE&ES – Managing Architect (Title Code 78080). This position had been vacant since September 2001. Savings of $61,296 were attributed to the merger.

- Facilities Management – Facilities Maintenance Coordinator (Title Code 65880). Position was vacant since May 2002. Savings of $58,170 were attributed.

- AE&ES – Managing Engineer (Electrical) (Title Code 78000). It is unknown when this position was last filled, but it has been vacant at least since 2002. Savings of $61,296 were attributed.

- AE&ES – Residential Contract Manager Construction (Title Code 89710). Position was vacant since May 2003. Savings of $69,000 were attributed.

Included in the 51 abolished positions are four management positions, totaling $396,836 in attributed savings, that were not in fact abolished; each of the positions were staffed for the entire year.

- Transportation Services – Director Transit Planning and Programming (Title Code 89910). Savings of $112,686 were attributed.

- DPPI Director's Office – Associate Director DPW/T Administration (Title Code 87950). Savings of $115,146 were attributed. This position was reinstated in the 2005 Adopted Budget.

- DPPI Director's Office – Assistant Director – Public Works/Development (Title Code 88970). Savings of $89,328 were attributed. This position was reinstated in the 2005 Adopted Budget.

- Parks – Budget Manager (Title Code 79710). Savings of $79,676 were attributed. This position was re-created in the 2005 Adopted Budget.

Delivering services and fulfilling core mission objectives within budget requires a multitude of management adjustments throughout the year.

As with any major County department, delivering services and fulfilling core mission objectives within budget requires a multitude of management adjustments throughout the year as actual revenues and expenditures vary from budgeted estimates.

Actual Savings

Reviewing budget data is helpful in determining what the potential savings of the merger could have been. However, budgets alone cannot be used to determine the true effect of the merger. Unexpected and unplanned events often occur, causing differences that can materially deviate from what was expected. For example, the DPPI Director's position was not filled until August 2004, creating an unplanned surplus in personal services for the merged departments.

Table 3 provides a comparison of actual revenue and expense activity for the pre- and post-merger units comprising DPPI (excluding Airport and Transit).

Table 3
Comparison of Actual Costs
2003 - 2004

Account Summary	**Actual 2003**	**Actual 2004**	**Difference**
Expenses:			
Personal Services	$46,962,698	$41,341221	$(5,621,477)
Fringe Benefits	14,272,828	18,741,703	4,468,875
Services	13,161,965	13,006,005	(155,960)
Commodities	6,061,154	6,187,588	126,434
Other Charges	1,144,374	1,344,357	199,983
Debt and Depreciation	4,706,645	5,231,814	525,169
Capital Outlay	1,414,376	1,291,635	(122,741)
County Serv. Charges	44,077,239	40,349,791	(3,727,448)
Abatements	(33,148,131)	(26,681,229)	6,466,902
Total Expenses	**$98,653,148**	**$100,812,885**	**$2,159,737**
Revenues:			
Fines and Permits	$110,220	$120,537	$10,317
State Reimbursement	14,168,322	14,423,784	255,462
Federal Reimbursement	28,143	106,664	78,521
Other Gov Reimbursement	180,972	127,761	(53,211)
Admission & Rec Rev	8,624,930	8,260,037	(364,893)
Rental Revenue	5,074,327	5,775,866	701,539
Serv Fees & Charges	4,875,438	5,035405	159,967
Concession	1,931,530	1,801,329	(130,201)
Cross Charge Rev	25,602,184	27,874,625	2,272,441
Other Revenue	789,348	526,119	(263,229)
Total Revenue	**$61,385,414**	**$64,052,127**	**$2,666,713**
Direct Tax Levy	**$37,267,734**	**$36,760,758**	**$(506,976)**
Cross Charges from Other Departments	**$4,442,153**	**$3,616,758**	**$(825,395)**
Total Tax Levy	**$41,709,887**	**$40,377,516**	**$(1,332,371)**

Source: Advantage files for 2003 – 2004 (excludes Airport and Transit units)

Attributing Cost Savings to the Merger vs. Other Factors

In a controlled experiment, the effect of a single change can be determined by taking a pre-change measurement, holding all other variables constant, and taking a post-change measurement for comparison. The difference in the two measurements can then be attributed to the sole change introduced in the experiment. Measuring the true fiscal impact of merging the former Department of Public Works and Department of Parks, however, is a far more complex task. This is due to the real world situation of numerous interactive variables changing simultaneously during the merger implementation process. These variables included:

- A general County-wide reduction in resources, including funded staff positions, to achieve the overall budgetary goal of a zero property tax levy increase in the face of escalating costs such as wages, employee and retiree health care, pension contribution and state-mandated social services.
- Operational efficiencies that occurred in response to the above pressures, some as the result of the merger, others that were realized irrespective of the merger.
- Changes in the frequency and/or quality of services performed. Some of these changes may have been planned in response to the previously noted resource reductions, others may have occurred as the result of extended vacancies in funded positions or in response to unanticipated revenue shortfalls during the year.
- The retirement of key personnel.

Attempting to ascribe a specific value to the cost-savings associated with the merger in some ways begs the question, "which came first, the chicken or the egg?"

Since the merger of the two departments was initially conceived as a cost-saving measure, attempting to ascribe a specific value to the cost-savings associated with the merger in some ways begs the question, "which came first, the chicken or the egg?"

Significant cuts were made in personnel costs.

For instance, as previously noted, the 2004 Adopted Budget specifically identified $2.3 million in net wage reductions as savings resulting from the merger. However, we are hard pressed to specifically associate the majority of those personnel moves to the act of consolidation, as opposed to a by-product of the *process of consolidating* in an overall context of resource reduction. Certainly, as shown in **Table 3**, significant cuts were made in personnel costs; personal services expenditures were reduced by $5.6 million. This $5.6 million in reduced wages, accomplished by a combination of position abolishments, reduced utilization of overtime and hourly employees, as well as holding positions vacant, resulted in an estimated additional *cost* *avoidance* of approximately $2 million in associated fringe benefits.

Ultimately, **Table 3** clearly shows that the direct property tax levy cost of operating the combined Department of Parks and Public Infrastructure in 2004 was approximately $500,000 less than the direct property tax levy required to operate two separate pre-merger departments in 2003, *even as the fringe benefit cost of remaining personnel rose nearly $4.5 million.*

The fiscal impact of merging the departments, in conjunction with associated operational changes and resource reductions, resulted in cost avoidance of at least $7.6 million in achieving a 'bottom line' reduction of $500,000 in direct property tax levy.

Consequently, while it is virtually impossible to accurately identify the savings directly associated with the merger, it is fair to say that the fiscal impact of merging the departments, in conjunction with associated operational changes and resource reductions, resulted in *cost avoidance* of at least $7.6 million in achieving a 'bottom line' reduction of $500,000 in direct property tax levy.

Section 2: Merger Planning and Implementation Issues

Basic to achieving any major reorganization or restructuring is the creation of a well thought-out plan, an implementation strategy and timetable, specific role assignments, and frequent communication. Periodic progress evaluation and ongoing adjustments are also critical elements of a successful merger implementation.

Developing a well thought-out plan is essential for several reasons.

Developing a plan is essential for several reasons. The process facilitates a certain amount of 'buy-in' or ownership among participants that is necessary for successful outcomes. It clarifies where the organization is going and why. It forces management to identify and address the challenges it will likely face in restructuring the organization as well as the steps or strategy required to meet the challenges.

In addition, a written plan, implementation strategy and timetable will save valuable time, money and resources by focusing efforts on the essentials. A written plan also communicates to employees how the reorganization will proceed and helps them understand how their jobs are likely to be affected. This alone can help lower employee stress and anxiety and increase the likelihood of a more successful reorganization.

Based on our review of organizational change literature, including a July 2003 Government Accountability Office document, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations,* following are some key steps to successfully implementing a merger:

- Top leadership must drive the transformation. Leadership must bring everyone together behind a single mission.

- The mission must be clear and all strategic goals integrated with that mission. Collectively, these will guide the transformation and define the culture.

- Focus on a key set of principles and priorities from the beginning. A clear set of principles and priorities will provide the framework for the organization, create a new culture and drive employee behaviors.

- Plan the change. Form a team and assign it responsibility from the beginning for designing the integration, developing action plans, planning for barriers to success, and identifying possible resistance and 'learning anxiety' issues.

- Set implementation goals and a timeline to build momentum and show progress from day one. Goals and a timeline are essential because the transformation could take years to complete.

- Clarify and communicate the goals of the merger to everyone. Ensure the message is consistent and encourage two-way communication. Be sure to provide information to meet employees' specific needs.

- Involve employees to obtain their ideas and ownership for the transformation. Develop employee teams and involve them in planning and sharing performance information. Seek employee feedback and incorporate it into new policies and procedures

- Build trust and manage disagreements, tension and conflict within and between merging parties.

- Identify the best processes, structures and climate of each organization and use the best of each to create a new and better way.

- Use a performance management system to define responsibility and assure accountability for change.

- Assess emerging results and revise any aspect of the merger as needed based on learning experiences.

Less than 50% of corporate mergers are successful.

However, according to change management consultants Maurer & Associates, less than 50% of corporate mergers are successful. Other organizational change experts have identified troubling patterns that begin to develop when a merger is not handled well. These include:

- Goals are set that are not achievable, but the illusion of merging is comforting.

- A perception exists that the merger is about transferring assets from one organization to another without acknowledging it.

- In time, one of the organizations or departments appears to be the ‘winner’ and the other the ‘loser.’

- The merger results in employee departures and stagnation.

- The merged organization develops a culture marked by distrust, illusion, denial, fear and blame.

Implementation of the DPPI Merger

The combination of enhanced pension benefits for veteran employees and tight budgets led to the loss of a great deal of institutional knowledge at or about the same time the DPPI merger was implemented.

Merging two large County government departments into one would be a daunting task under any circumstances. But the DPPI merger was undertaken in the aftermath of the controversy surrounding County pension enhancements and a looming structural imbalance between anticipated costs and revenues. The combination of enhanced pension benefits for veteran employees and tight budgets led to the loss of a great deal of institutional knowledge as many experienced employees and senior managers left County employment at or about the same time the DPPI merger was implemented.

Given these factors, it was particularly crucial that the County adopt and follow a clear plan to accomplish the merger. However, this does not appear to have occurred. The idea was conceptualized in the budget process, savings were earmarked, and a timetable of January 1, 2004 was established for implementation. However, based on our review, it appears the merger was enacted without sufficient time to formulate and implement a clear, detailed implementation strategy. This would include, among other things, specific role assignments to address functions performed by abolished positions.

Following are problems we noted concerning how the DPPI merger was implemented.

- Absence of a clearly defined merger plan. Assignment of some duties and responsibilities was fragmented and unclear.

- The role and responsibilities of the DPPI Director were unclear from the onset of the merger. This problem was compounded by rapid turnover in, and frequent vacancy of, the DPPI Director's position.

Absence of a Clearly Defined Merger Plan

Top management in the Department of Parks and DPW requested action plans from their divisional managers along with ideas for increasing efficiencies and reducing costs in the proposed merger. A December 2003 memo on this subject from the former Director of Facilities Management to the Acting Director of Public Works shows that good ideas and good intentions were part of the process at the beginning of the merger. In addition to discussing merger-related issues, it encouraged establishing a Merger Task Force Committee, consisting of fiscal and operational representatives from the Department of Parks and DPW to work out merger details and issues, and make recommendations to DPPI management throughout 2004 and into 2005.

No one person or team ever took ownership for developing a plan or implementation strategy, timeline or performance measures by which the merger could be evaluated.

However, the task force was never developed. In fact, no one person or team ever took ownership for developing a plan or implementation strategy, timeline or performance measures by which the merger could be evaluated. Although numerous internal staff meetings occurred to improvise ways to 'do more with less,' no one person or team assumed overall responsibility for shepherding the merger process through to completion.

Interview comments from numerous current DPPI managers confirmed that a clear plan outlining a strategic direction, timeline and specific role assignments was never effectively communicated to the management team. For instance, interview comments indicated the following:

- There was no plan, no timeline or no role assignments.

- There was no clear conceptual vision about how this thing would pan out. We received no direction from the top on how the merger was to be done. There was no strategic direction, no benchmarks and no timeline.

- There was no plan or timetable for the merger and there was very poor communication with managers and staff. Staff didn't know the intent, rationale or procedures for the merger. Key staff positions were cut, leaving critical jobs undone. Lines of authority were unclear.

- No study was done to see what changes would come about as a result of the merger. Instead, we're plugging holes in a dam. There's no long-term planning or looking at long-term impacts. No one looked at how we're going to do this. There was no plan and no long-term perspective.

- The problem with the merger was there was no plan; the details weren't worked out.

- A lot isn't clear. We don't know who is in charge and we're afraid for whoever is going to take the heat when circumstances change or problems occur. We have turf battles now and in-fighting.

- Duties and reporting relationships are unclear. It would help a lot if duties were clarified. I wish we were told why the merger was done and what the role of the DPPI Director is.

<u>Unclear Role for the DPPI Director</u>

By definition, the head of any agency is singularly critical to its ultimate success.

By definition, the head of any agency is singularly critical to its ultimate success. The attendant leadership of such a position is perhaps never more critical than at the onset of a fledgling merger effort.

During 2003, the Department of Administrative Services-Human Resources Division (DHR) distributed questionnaires to all departments seeking clarification of roles and duties of all positions then comprising the former Executive Compensation Plan designation. The questionnaire completed in anticipation of creating the new DPPI Director position states, "…extensive time and effort must be devoted to long-range promotion and development of parks and parks programs…." This narrative implies an integral role for the DPPI Director in developing and promoting Parks programs. The management questionnaire describing the role and duties of the Parks Superintendent shows that position's immediate supervisor as the Director of DPPI.

In November 2003, the County Executive designated the Fiscal and Budget Administrator to lead the new agency until a permanent director could be appointed. The Fiscal and Budget Administrator, who formally became Acting DPPI Director with creation of the department on January 1, 2004, assumed a broad range of responsibilities with very little time to conceptualize the new organization. Current DPPI staff told us that they believed difficult staffing and budget issues commanded a majority of the Acting Director's attention during his tenure, which lasted from the end of November 2003 to early May 2004. As a result, he often deferred to the Parks Superintendent on many issues related to the promotion and development of Parks programs.

The Acting Director retired in early May 2004. From that time to early August 2004, no one occupied the top post at DPPI.

The Acting Director retired in early May 2004. From that time to early August 2004, no one occupied the top post at DPPI. The length of time it took to permanently fill the DPPI Director's position--seven full months after the reorganization was officially underway--compromised the director's ability to communicate a common vision and build a unified management team from the ground up. As a late arrival, the DPPI Director faced a series of processes that were already well underway.

The new Director of DPPI exhibited an entirely different management style and understanding of the DPPI Director's role than the Acting Director. According to the former director, he assumed a more involved role in the organization, including the Parks Division. After the director's resignation in December 2004, the new department was once again leaderless at a time when direction was sorely needed.

When asked what were the biggest obstacles to a smooth merger of DPW and the Department of Parks, the former DPPI

Director stated, "There is a strong need for good role definitions between the divisions."

In addition to the absence of an overall agency leader, another critical position, the Transportation Superintendent, has been vacant for the entire 17 months that DPPI has been in existence.

In addition to the absence of an overall agency leader, another critical position, the Transportation Superintendent, has been vacant for the entire 17 months that DPPI has been in existence (an Acting Transportation Superintendent has been in place since December 2004). Coupled with the net loss of 24 management positions and numerous veteran employees, several adjustments were required of existing staff to fill the management vacuum quickly, as pressing responsibilities for the merger mounted. Despite many changes in managers' responsibilities, DPPI job descriptions were not updated at the time of the merger to account for and assign tasks performed by vacated positions.

Recommendations

If a decision is made to continue operations as the Department of Parks and Public Infrastructure, we recommend DPPI management:

1. *Clarify the role of the DPPI Director.*

2. *Recruit and hire a qualified candidate as the DPPI Director as soon as practicable.*

3. *Create a plan to articulate a single vision for the development of the department, with managers and staff enlisted in building a strong and unified department that works toward realization of the common vision.*

Section 3: DPPI – Director's Office

The Director's Office is responsible for the management of DPPI administrative functions, including establishing and implementing Department policies and procedures, personnel administration, fiscal, safety and training, general public information services, and security operations. In 2005, the Director's Office included funding for 54.5 FTEs, with a total expenditure budget of $2.5 million, including direct tax levy of $2,248,628.

While not directly merger-related, we identified concerns in one area administered by the Director's Office, Security.

Security

The Security function was transferred from Facilities Management to the DPPI Director's Office after the 2004 budget was adopted.

The Security function was transferred from Facilities Management to the DPPI Director's Office after the 2004 budget was adopted. A February 19, 2004 memo from the Acting Director of DPPI to the County Board Chairman explained the rationale for transferring this function:

> "It was thought that the attention of the Parks Director should be focused on the merging of Facilities activities and responsibilities other than security. As such, Courthouse Security will be directly overseen by the Administrative Manager position within the [DPPI] Director's office."

DPPI is responsible for providing security resources for the following buildings:

- Courthouse;
- Criminal Justice Facility;
- Safety Building;
- Courthouse Annex;
- City Campus; and
- Children's Court.

Security officers control access to all the buildings listed above and screen for weapons at the Courthouse Complex, Criminal

Justice Facility, the Safety Building and Children's Court Center. Equipment used for this purpose includes X-ray imaging machines, walk-through metal detectors and electronic wands (magnetometers).

Security has long been a source of concern at the County Courthouse:

- In 1992, the County hired a consultant to assess courtroom security. The resulting report, *A Security Concept and Budget for the Court Facilities of Milwaukee County*, made numerous recommendations to strengthen courtroom security.

- Following the events of September 11, 2001, the County established a Commission on Security and Crisis Management to develop a County-wide security master plan. Much of the current security effort, including the practice of screening Courthouse visitors for weapons, stemmed from this initiative.

- On September 12, 2002, the Commission on Security and Crisis Management recommended stronger perimeter security at the Courthouse complex, citing three incidents of violence earlier that year. Following the Commission's recommendation, a security consultant was again retained and in June 2003, additional recommendations to strengthen County security were made.

While Milwaukee County has taken measures to strengthen security over the years, we identified continuing issues of concern as responsibility for security changed hands during implementation of the DPPI merger.

While Milwaukee County has taken measures to strengthen security over the years, we identified continuing issues of concern as responsibility for security changed hands during implementation of the DPPI merger. Specifically:

- Frequency of ongoing training for security officers is not sufficient to keep them prepared to handle possible emergencies or security threats.

- Frequent absences among security officers have created scheduling problems and have contributed to the unit's lack of ongoing training.

<u>Ongoing Security Training</u>

According to the former Security manager, initial training includes, among other things:

- video instruction/comprehension testing;
- weapons identification and screening (classroom and hands-on instruction);
- customer service/client management;
- operating equipment such as an x-ray imaging machine and handheld radios;
- patrolling and emergency evacuation;
- incident reporting; and
- parking and traffic management.

Initial training, along with on-the-job training at a screening station with supervision, generally lasts from two to four weeks.

The initial training provided by Security is very good.

Based on our review of the initial training regimen and on interviews with members of front-line staff, management and the Courthouse Security Subcommittee (formed as a result of the Commission on Security and Crisis Management), the initial training provided by Security is very good. Subsequent training, however, is minimal and obtained by only a limited number of officers. For instance, two Security officers we interviewed reported that their last training occurred years ago. Although the Milwaukee County Sheriff's Emergency Management Bureau provides training to County Security officers at no charge to DPPI, Security officers' attendance at training classes over the last three to four years has been minimal. Staff at the Bureau estimated that four or five Security officers attended the emergency responder or terrorism awareness training and one or two attended bomb detection training.

Staff at the Bureau reported that numerous efforts to enroll more Security officers in training were unsuccessful. Both the present and former manager of Security cited staff attendance as a major problem, primarily due to use of sick leave (including Family Medical Leave), and shortages in staffing limited their ability to send Security officers for additional training.

A former member of the Courthouse Security Subcommittee stated that being good at screening weapons is not enough; threats are constantly changing and regular training updates and continuous education is absolutely necessary to be able to handle them. Staff at the Emergency Management Bureau emphasized the importance of training for all officers in search and rescue techniques, evacuation procedures, hazardous materials, and domestic preparedness--all of which are provided at no charge.

When asked about the availability of written emergency procedures, one Security officer told us that emergency procedures are in place and outlined in a departmental manual. However, when asked if an emergency procedures manual was available at that checkpoint, the officer replied no, but he thought one was kept in the basement of the building. Given the lengthy lapses in time between training for some officers, an emergency procedures manual at each checkpoint would be beneficial in case of an emergency and something Security officers could peruse during slower activity times.

According to staff at the Emergency Management Bureau, DPPI management has made progress in getting more officers trained in 2005.

According to staff at the Emergency Management Bureau, DPPI management has made progress in getting more officers trained in 2005, particularly in emergency management programs. However, DPPI Security administration does not maintain a centralized record of Security officers' ongoing training, so we were unable to document the extent of the noted improvement.

Frequent Absences Among Security Officers

Problems with employee attendance have plagued Security operations for some time. Both the present and former managers of Security said attendance was a major problem for their unit. The problem was outlined in a memo to DAS-Human Resources from the In-Charge Security Officer dated October 22, 2004. The memo discusses the strain employee absences were placing on weapon screening stations:

- Four officers were on Family Medical Leave;

- One officer had extreme limitations and was repeatedly absent due to chronic illness;

- One officer was on light duty and could only wand in half-hour increments, no more than four hours a day.

In the memo, the In-Charge Security Officer stated because of employee absences, "…we've had to close entrances on a regular basis and we've had to work hourly staff over their normal 19.5 hours a week just so we can operate at a minimum capacity."

This problem may have been exacerbated by a reduction in the number of Security staff. A comparison of payroll records, which shows the number of actual staff employed, showed that in July 2003, there were 44 full time and eight hourly Security staff. In July 2004, Security staff was comprised of 32 full time and four hourly staff.

Despite the reduction in staff, County departments generally rated a higher level of satisfaction with Security services in 2004—2005 compared to 2003.

Despite the reduction in staff, however, County departments generally rated a higher level of satisfaction with Security services in 2004—05 compared to 2003. In fact, Security is the only functional area among five for which we surveyed customer satisfaction that registered a distinct improvement in scoring for the post-merger period in comparison to the pre-merger period (see **Exhibit 6** for details).

There are also indications that the DPPI Director's Office has recently taken steps to address some of the Security staffing issues we have identified. DPPI management began to hold meetings with Security employees in hopes of improving communication and reducing attendance problems. In addition, DPPI recently obtained approval to abolish two full time Security officer positions and to create four hourly positions to provide additional flexibility in meeting scheduling demands. It is critical that significant improvement is made in achieving ongoing training for County Security staff. A single lapse in security could have potentially catastrophic consequences, in terms of both human casualties and monetary losses from property damage and litigation.

To improve the County's preparedness for unanticipated emergencies and security threats, we recommend DPPI management:

4. *Work with the Sheriff's Department Emergency Management Bureau to identify and maximize opportunities for appropriate Security officer training, and establish and enforce minimum continuing training requirements for County Security officers.*

5. *Maintain a centralized record of ongoing Security officer training and take measures, including the addition of staff if necessary, to ensure that all Security staff comply with minimum continuing training requirements.*

6. *Provide emergency procedures manuals at all security checkpoints.*

Section 4: Facilities Management

For 2005, Facilities Management, as part of the Parks Division of DPPI, has 165 FTEs and an expenditure budget of $28.9 million to provide property management, tenant services, maintenance and skilled trades for County facilities. Prior to the merger, as a division of the Department of Public Works, Facilities Management performed the same tasks and had the same responsibilities, except that the Department of Parks had its own skilled trades unit providing service to Parks regions and divisions.

Skilled trades staff (plumbers, electricians, carpenters, etc.) work out of three locations (East – Courthouse Complex; Central - 68th & State Streets; and West – County Grounds). East and West locations consist of former Facilities Management skilled trades staff, while Central is comprised of staff formerly working for Parks Maintenance.

Fiscal Impact of Merger - Skilled Trades

One of Facilities Management's primary functions is to provide skilled trades services County-wide. The merger brought together 82 authorized skilled trades positions from the former DPW Facilities Management and 33 authorized skilled trades positions from the former Parks Maintenance unit (excluding managers). According to the 2004 Adopted Budget, skilled trades staff were to be merged to maximize the use of equipment and personnel, consolidate inventories, and allow for a combined work order system to prioritize and schedule skilled trades activities.

Skilled trades staff were to be merged to maximize the use of equipment and personnel, consolidate inventories, and allow for a combined work order system.

Three positions were abolished at the time of the merger. Two were vacant, and the other became vacant during 2004 due to retirement. Savings were also expected to come from efficiencies of being able to use staff from both units County-wide on projects requiring skilled trades expertise, resulting in greater productivity as a whole and avoiding the need to hire additional staff.

Our review of actual Facilities Management operations indicates that there has been no true consolidation of these units.

However, our review of actual Facilities Management operations indicates that there has been no true consolidation of these units. Rather, the former Facilities Management and Parks Maintenance units continue to operate in the same fashion as they did prior to the merger. The former Parks Maintenance skilled trades staff continues to operate out of the same Parks Maintenance location at 68th & State, as in previous years. It continues to work exclusively on Parks projects, as before.

Likewise, the former Facilities Management skilled trades continue to operate out of its Courthouse Complex and County Grounds locations, as in prior years. It almost exclusively works on non-Parks projects, though it has responded to isolated requests for assistance from the former Parks Maintenance unit when it has a big job to complete. No skilled trades staff from 68th & State have worked on non-Parks projects.

Each unit maintains its own system for accounting and purchasing both inventory and equipment, just as before the merger.

Further, there has been no consolidating or sharing of inventory or equipment, as envisioned in the 2004 Adopted Budget narrative. Each unit maintains its own system for accounting and purchasing both inventory and equipment, just as before the merger.

A compelling indication of the lack of true consolidation of the Facilities Management/Parks Maintenance functions is the failure to develop a single automated system to manage work flow by prioritizing and scheduling skilled trades work assignments as a single unit. While development of a unified system was intended, it has not been realized.

Instead, each unit continues to maintain separate processes for completing work order documents, reporting procedures for repairs, scheduling skilled trades workers on projects, and storing/tracking inventory and supplies. The lack of a unified system for scheduling and monitoring work flow has also made it difficult to measure any benefits that may have accrued from the consolidation effort. As a result, though merged on paper, it does not appear that the Facilities Management area has fully realized the intended efficiencies of greater flexibility, shared maintenance and equipment, improved response times, and elimination of duplicate services.

Survey respondents indicated essentially the same level of satisfaction with Skilled Trades for the post-merger period as for the pre-merger period.

In our survey of County departments' satisfaction with Facilities Management Skilled Trades, respondents indicated essentially the same level of satisfaction (generally average to above average) for the post-merger period as for the pre-merger period (see **Exhibit 7** for details). This could be expected as little has happened to change the manner in which business has been conducted for both skilled trades units.

To more fully achieve the desired benefits of consolidation, we recommend that DPPI management:

7. *Facilitate a true merger of the skilled trades units by implementing a unified system for prioritizing and managing work flow and storing/tracking inventory and supplies.*

Use of Facilities Management Budget for Parks Operations

One function of Facilities Management operations that has reflected a merging of the former DPW/Parks predecessor units is in the area of accounting and budgeting. However, we have identified some problems associated with that consolidation.

The Advantage financial system includes controls to prevent one organizational unit from authorizing purchases from another organizational unit's budget. The control is implemented via access and authorization restrictions maintained within the automated Advantage system. The Fiscal Affairs section of the

Department of Administrative Services maintains these access and approval restrictions.

However, this control was overridden when Facilities Management (agency 570 for Advantage control purposes) was placed organizationally under the Parks Division (agency 900). The Parks Chief of Operations, who oversees both Facilities Management and Parks regions, requested and was granted the authority to make 'crossover' purchases between the two organizational units. It should be noted that although Facilities Management is placed within the Parks Division, it continues to be presented separately, and receive separate appropriations, from the Parks Division in both the 2004 and 2005 Milwaukee County Adopted Budgets.

We identified 118 items that were purchased totaling $289,528 in 2004 that appear to have been initiated and approved for Parks purposes, but were funded from Facilities Management accounts.

We identified 118 items that were purchased totaling $289,528 in 2004 that appear to have been initiated and approved for Parks purposes, but were funded from Facilities Management accounts. Nearly all of the purchases were made over 16 days, from November 17 to December 2, 2004. In reviewing 14 of the larger purchases totaling $163,796, we confirmed that each of the 14 purchases were for Parks operations, as noted below:

- $79,932 for the purchase of four 60" lawn mowers ($19,983 each).
- $24,902 for 468 folding chairs and six transport carts, made on five separate purchase orders, for use in various County park locations (Humboldt, McCarty, Zablocki, Greenfield, and the Lincoln Blatz building).
- $10,500 for fungicides that were delivered to Jackson Park.
- $9,973 for two trailers for general Parks use.
- $9,383 for two snow blowers delivered to Dineen Park.
- $8,270 for two mowers ($4,350) and four vacuum chippers ($3,920), delivered to Humboldt Park.
- $9,987 for purchases of two foam logs and four floatable lily pads for aquatic operations.

- $5,122 for five 20’ “sunbrellas” for aquatic operations.
- $3,765 for a snow plow blade and fork lift parts shipped to O’Donnell Park.
- $1,962 for three portable coat racks and 216 hangers for the Lincoln Park Blatz building.

These purchases were readily identifiable because Advantage could be programmed to identify crossover purchases involving Parks purchase orders and Facilities Management accounts. However, this does not represent the total extent to which Parks used Facilities Management’s budget for its operations. Additional purchases were made using Facilities Management rather than Parks purchase orders, making it more difficult to readily identify purchases made for the benefit of Parks operations versus purchases made in the normal course of business for Facilities Management operations.

For instance, we identified three Facilities Management purchase orders totaling $11,750, again made in November 2004, for baseball diamond infield dirt delivered to several Parks locations. In reviewing past invoices from the same vendor from 2003, we noted that the same type of purchases were made prior to the merger utilizing Parks’ operating budget. It was interesting to note that the purchase orders were initiated weeks after the infield dirt had already been delivered.

Use of Parks Budget for Facilities Management Operations

The extent of the above problem extended to purchases made by Facilities Management as well. Controls were removed to allow purchase orders initiated by Facilities Management staff to be paid using Parks accounts. We identified 176 Facilities Management purchases totaling $139,871 in 2004 where the purchase was charged to Parks accounts.

In contrast to the previously discussed purchase orders, it does not appear that this was a willful attempt to supplement Facilities

Management expenditure authority. Rather, they appear to be purchases in which Parks was the beneficiary. In 60 purchases totaling $94,375, the purchases were for inventory that ultimately would be used for Parks projects. A sample of ten of these purchases totaling $34,896 confirmed the inventory purchase for Parks purposes.

The remaining 116 purchases totaling $45,495 were for non-inventory items. We reviewed eight for $15,996 and concluded each were for the benefit of Parks, such as garbage cans, park benches, and American flags.

One school of thought is that there is nothing inherently wrong with the practice of using one organizational unit's budget to supplement another if both are organizationally under the same management umbrella.

One school of thought is that there is nothing inherently wrong with the practice of using one organizational unit's budget to supplement another if both are organizationally under the same management umbrella. Viewed from this perspective, since the Parks Superintendent is accountable for both Facilities Management and overall Parks Operations, the divisional 'bottom line' is all that really matters.

However, such a viewpoint ignores the lines of accountability established with formal adoption of an annual County budget, with separate appropriations for the organizational units in question. In the instances involving Parks purchases using Facilities Management accounts, money appropriated for general County facilities is instead being used for specific Parks operations. It also diminishes the integrity of the control environment established within the County's financial system, which is relied upon by managers, policymakers and others to monitor and evaluate the County's financial condition. For these reasons, Parks management should have sought approval for a formal fund transfer from Facilities Management to Parks Operations appropriations.

This practice also calls into question the appropriate funding level for Facilities Management. In effect, either a surplus existed in its expenditure accounts in 2004, or Facilities Management could not make budgeted purchases for needed supplies and equipment because it no longer had the use of funds appropriated for its purposes. If taken to an extreme, this practice could deplete funds to a point where services cannot be provided to all other County departments that rely on Facilities Management to provide necessary upkeep.

Allowing this practice to continue could present problems in other units of DPPI as well. For example, a natural extension of this practice to the Transportation Division could allow the Transportation Superintendent to designate individuals to authorize purchases for the benefit of Fleet out of the Airport, Transit, Highway Maintenance, or any organizational unit under the Transportation Division umbrella.

Budgetary control and accountability are compromised when one agency can tap into another agency's budget without a formal fund transfer or appropriate cross-charge.

Budgetary control and accountability are compromised when one agency can tap into another agency's budget without a formal fund transfer or appropriate cross-charge. The unique situation presented by the merging of two County departments may have contributed to the decision to permit crossover budgetary access between Facilities Management and Parks Operations. There appeared to be an attempt to discontinue the practice in late 2004, but we noted that the practice continued into 2005. To prevent this type of transaction in the future, we recommend that DAS:

8. *Maintain appropriate access and approval restrictions within the Advantage financial system to prevent one organizational unit from accessing another organizational unit's approved budget.*

Custodial Services

Facilities Management is also responsible for custodial services throughout County facilities. It currently has a staff of 74 funded FTEs. As this function has also moved to the Parks Division, we performed a review of operations to determine how operations have been affected by the merger.

Custodial services have been significantly affected by budget-related crises in the past. In September 2003, 27 Facilities Workers were laid off to help relieve County-wide budget pressures at that time. In late 2004, six facilities workers were re-hired, and 13 more were brought back in early 2005. As expected during the layoff period, there was a natural drop-off in the level of service that had previously been provided.

Survey respondents indicated a general decline in the level of satisfaction with custodial services for the post-merger period compared to the pre-merger period.

In our survey of County departments' satisfaction with Facilities Management custodial services, respondents indicated a general decline in the level of satisfaction for the post-merger period compared to the pre-merger period. Responses to several questions related to regularity and quality of custodial services registered in the 'neutral' to 'dissatisfied' range, distinctly lower for the post-merger period. However, written comments from several respondents indicated the scores were more reflective of a perception that the function was understaffed, rather than an indictment of the quality of the work performed (see **Exhibit 8** for details).

In general, cumulative ratings for most questions have fallen to some degree since 2003, as expected given the reduction in workforce noted above. We requested respondents to report the building in which they were located to help pinpoint problems at specific locations. Almost half (14) of the 29 respondents were from the Courthouse. This survey generated the most written comments, which helped provide perspective on the ratings given. Many comments were negative but tolerant, pointing in particular to overflowing waste baskets, bathrooms not properly maintained, floors not cleaned or carpets not vacuumed. But in most cases, respondents believed the cause of the problems was a shortage of custodial workers. In fact, several respondents noted that custodial staff do the best that they can and do not want survey results to reflect negatively on those left to do the work.

Of concern, however, were comments by some relating to inconsistent, or in some cases nonexistent, cleaning activity. Examples include no waste basket trash removal, no floor vacuuming or dusting, and little if any hallway and stairwell cleaning. While staff shortages can extend the time between cleanings, a schedule should nonetheless exist, with consistent cleaning techniques applied by all staff. When some departmental managers in select locations contend that they never see custodial staff or that they can't tell if anything was done, especially when regular staff are on leave, concerns regarding quality of service are raised.

Such issues point to the need for custodial management and staff to communicate with departmental managers on what cleaning tasks can be expected from custodial staff, and the frequency by which they should be done. That would help address concerns by departments, and help departments to better spot deviations from expected norms and notify custodial managers as appropriate. We recommend that DPPI management:

9. *Develop and communicate to departmental management a cleaning schedule based on current resources, complete with a listing of what will be cleaned as well as what will not be cleaned, and amend it as necessary to compensate for changing staffing levels. Include in the plan a schedule for cleaning public areas or areas common to other departments, to help County managers and staff identify and report cleaning problems.*

A simple checklist, completed by staff on a daily basis, would help ensure that all cleaning needs are systematically addressed. It could also help provide a defense to unfounded allegations, as well as evidence for disciplinary action for substantiated allegations. More importantly, they could serve to help provide consistency for new employees and those serving a temporary replacements. We therefore recommend that DPPI management:

10. *Develop and implement a checklist of custodial duties that need to be performed, along with the frequency by which they need to be done. Require staff daily to check off tasks performed for locations they are responsible, for use by managers to assess and improve performance.*

Section 5: Architectural, Engineering & Environmental Services

The Architectural, Engineering and Environmental Services Division (AE&ES) consists of five units (Architectural Services, Airport Engineering, Civil Engineering and Site Development, Environmental Services, and Support Services units). The 2005 Adopted Budget for the unit included 51 funded full-time equivalent positions, an expenditure budget of about $6 million and direct tax levy of $436,533. AE&ES provides a core competency of professional and technical services to research, design, administer and implement a diverse combination of public works programs and projects.

The DPPI merger combined AE&ES with four landscape architects and a natural resources specialist from the former Parks Department.

The DPPI merger combined AE&ES with four landscape architects and a natural resources specialist from the former Parks Facilities Planning Section of Parks' Facilities Division. These positions were put under the AE&ES' Civil Engineering and Site Development unit. At the same time, AE&ES management assumed the responsibilities previously performed by two management positions from the former Parks Facilities Planning section that were abolished as part of the merger. Salaries and associated Social Security costs for the two abolished positions totaled $182,498. Organizationally, AE&ES was placed under the Parks Division, reporting to the Parks Superintendent.

Before and after the merger, AE&ES controlled all capital and other projects requiring architectural and engineering services throughout the County. Activities included developing budgets, estimating costs, forming the design team and participating in developing the design, preparing bid documents and evaluating competitive bids, awarding contracts, managing projects, and reviewing the final product. Landscape architects were assigned as project leaders for Parks-related projects that focused on their expertise.

Actual Impact of the Merger

The merger of these two units was expected to create greater coordination and allow landscape architects to work on non-Parks projects when appropriate. With regard to the latter issue, reviews of projects for 2004 and early 2005 showed that the landscape architects worked almost exclusively on Parks projects. Only a small number of non-Parks projects involved the use of a landscape architect in 2004, the largest involving $15,335 charged to one project.

The work performed by the natural resources specialist also has not changed as a result of the merger. According to this person, he continues to perform the same tasks in support of the work performed by the landscape architects. For him, the only change has been that he now codes his time to AE&ES.

The Director of AE&ES has seen positive benefits from the merger.

However, according to the Director of AE&ES, he has seen some positive benefits even though the degree to which landscape architects have been incorporated into non-Parks projects has been small. Knowledge building has occurred on both sides, as staff from both units have become more familiar with the other's day-to-day activities and projects, improving coordination when working together on Parks projects. AE&ES staff have taught the landscape architects better project budgeting techniques, while the landscape architects have shared their expertise in land issues and planning.

Potential Future Benefits

This is not a merger of interchangeable parts, as in Facilities Management where any of the skilled trades can work on any County project, Parks and non-Parks alike. Rather, the skill sets of the two groups are such that landscape architects could not be called on to lead a highway or building project. Similarly, AE&ES architects would have problems performing the same tasks of a landscape architect. Savings in this area will come from eliminating duplicative overhead and avoiding AE&ES consulting costs for landscape architects if their expertise is required on a capital project.

Up to this point, there has not been a substantial impact on the merger of the former Parks Planning Unit with AE&ES. With few exceptions, the transferred landscape architects work on Parks projects, while the rest of AE&ES works on all other County projects. This is not to say that there could not be greater savings in the future, as the need for landscape architects on non-Parks projects manifests itself. However, business for each units goes on much as it has in the past, with some minor changes in reporting hierarchy.

The potential for future savings exist if the number of County-wide capital projects involving landscape architects were to increase.

The potential for future savings exist if the number of County-wide capital projects involving landscape architects were to increase, though the trend in recent years has been toward fewer projects and less money spent on capital projects. In 2002, the County budgeted 82 projects totaling $104 million, whereas in 2005 the numbers have fallen to 62 projects totaling $53.4 million.

Despite limited savings up to this point, we believe that the merger of these functions is appropriate and should be maintained. Keeping these units under one manager can help to identify overall personnel needs in the future to match current and projected workloads. Savings of this nature could also be enhanced if consideration was given to merging other like services. In particular, under the Transportation Division of DPPI is the Transportation Services unit (Org Unit 5070), with an expenditure budget of $2.3 million. This unit of 21 authorized positions for 2005 (18.9 funded full-time equivalent positions) includes the Transportation Superintendent plus eight managers, nine engineering positions plus three fiscal and support staff. Merging this unit with AE&ES could provide additional salary and overhead savings. We did not audit the workloads of each unit to determine if either are working at or near capacity, but as workloads increase and departments continue to be directed to be more efficient and do more with less, this could be one area that could benefit from consolidation. We therefore recommend that DPPI management:

11. Evaluate the potential for savings for consolidating the engineering services provided by the Transportation Services with similar services provided within AE&ES.

Section 6: Highway Maintenance

According to the 2005 Adopted Budget, the purpose of Highway Maintenance is to maintain all county trunk highways, public Park roads, State trunk highways and expressways. For 2005, Highway Maintenance, which falls under the Transportation Division umbrella of DPPI, has 130 FTEs and an expenditure budget of $16.2 million, with a direct property tax levy of $565,052.

Prior to the merger, road maintenance was performed by two separate County units.

Prior to the merger, road maintenance (road repair, snowplowing, grass-cutting, etc.) was performed by two separate County units. Highway Maintenance maintained approximately 1,471 total lane miles, a term used to describe overall work volume (i.e., one mile of four-lane highway equals four lanes miles, including shoulders). The merger with Parks Maintenance added 120 lane miles of County parkway roads. Breakdown of the total lane miles is as follows:

Interstate	689
State Trunk Highway	439
County Trunk Highway	343
Parkway	120
Total Lane Miles	1,591

Fiscal Impact of the Merger

To meet the DPPI merger's goal of reducing costs and duplicative services, transferring road maintenance and snowplowing operations for all parkways from the Department of Parks to Highway Maintenance seemed an immediate efficiency. The merger transferred eight vacant Parks Maintenance Worker II positions and the plows used for parkway snowplowing to Highway Maintenance.

In June 2004, management took steps to improve work efficiency and flexibility by receiving County Board approval to abolish the eight vacant Parks Maintenance Worker II positions and replaced them with seven Highway Maintenance Worker III positions. In this way, persons hired to these positions would be on a similar pay scale to other Highway Maintenance Workers and could operate both Parks and Highway Maintenance heavy equipment. The Department of Administrative Services computed that this reclassification would have a decrease in operating expenditures of $7,410 in salary and fringe benefits for 2004, and $14,877 in 2005.

However, these positions were never filled in 2004. While the funding of salary and Social Security taxes of $316,480 for the eight positions was transferred from Parks, Highway Maintenance was faced with an increase to its vacancy and turnover (personal services lump sum reduction) of $338,418. Thus, they chose to not fill the vacant positions transferred from Parks in order to meet their vacancy and turnover budget.

A fund transfer helped to reduce the impact of the increase in responsibilities without the funding to accomplish it. In March 2004, $92,690 of the former Parks Maintenance unit's tax levy support was transferred to Highway Maintenance. However, according to records maintained by Highway Maintenance, this only partially offset the additional cost of maintaining County parkways. For 2004, Highway Maintenance tracked parkway maintenance costs and calculated that it spent $217,832 on this function.

Highway Maintenance fiscal staff were unaware of why the unit was budgeted the additional vacancy and turnover. Regardless of the reason, it forced the unit to do the additional work of maintaining parkway roads without the benefit of the transferred positions. Thus, Highway Maintenance reduced their costs by the increased personal services lump sum reduction, offset by

The savings of $245,728 can be considered merger-generated.

the additional $92,690 fund transfer in March 2004. To the extent that the increase in the personal services lump sum reduction was a function of the merger and not other factors, such as reduced state grant funds, the savings of $245,728 ($338,418 - $92,690) can be considered merger-generated.

There was another efficiency gained by the merger. Both the Parks Division and Highway Maintenance have grass cutting responsibilities. Highway Maintenance is responsible for cutting grass along the expressways and certain stretches of state and county highways. The Parks Division, which maintains thousands of acres of park grounds, assumed responsibility for cutting grass on County trunk highway medians. According to Highway Maintenance management, cutting grass on County medians represents an estimated 20% of all medians done by Highway Maintenance.

The Parks Division staffed this activity with seasonal help, freeing up three Highway Maintenance Workers who normally mowed the medians to work on other projects, such as road repair, during the summer months. To the extent that the Parks Division did not hire additional help to perform the grass cutting function, the value of possible cost avoidance or simply greater productivity in road repair by shifting these workers to other projects can be considered a merger-related savings. We computed the personnel cost savings based on 12 weeks of work for the three Highway Maintenance Worker I position that would normally be assigned median grass cutting responsibilities at about $24,260.

Effect on Performance – Grass Cutting

Highway Maintenance management complimented the Parks Division on the quality of its highway median care and noted that Parks' equipment is smaller and better suited for the task than equipment used by Highway Maintenance.

We also surveyed officials from 20 municipalities to gain their perspective as to how well Milwaukee County performed its grass cutting function for 2003 and 2004 (see **Exhibit 9** for details). According to the 13 respondents to our survey, where Milwaukee County performs this function, there was little drop off in ratings for quality and responsiveness to reported concerns. However, the ratings for this area over the two-year period was in the below average range.

Effect on Performance – Snow Plowing

Transfer of the parkway snow plowing function to Highway Maintenance did not occur until the winter of 2004-05. The Parks Division continued to be responsible for plowing Parks parking lots, pathways and sidewalks.

Highway Maintenance assigns snow plowing priority to roads with the highest volume of traffic and parkways are not usually among the most heavily traveled roads.

Highway Maintenance assigns priority to roads with the highest volume of traffic and parkways are not usually among the most heavily traveled roads. Another priority consideration for Highway Maintenance is its funding source. Approximately 80 percent of its funding is derived from the State of Wisconsin for purposes of maintaining expressways and state roads.

Given this priority, Parks Division management expressed concern that parkways were relegated too low a priority and not plowed as timely as before the merger. Management also expressed concern over the quality as well as the timeliness of parkway plowing, in particular Lincoln Memorial Drive. As a result, Parks workers sometimes plowed parkways even after the responsibility for them had been transferred to Highway Maintenance. Further, because the Parks Division had transferred most of its larger snowplowing equipment to Highway Maintenance in the merger, the plowing was done with equipment that sometimes was unsuited for the task.

We surveyed 80 public officials, including law enforcement and other municipal public works officials having their own snow removal function, to obtain their perspective on how well Highway Maintenance performed its snowplowing function for the 2003-04 and 2004-05 snowplowing seasons (see **Exhibit 10**). In general, the 65 responses gave Highway Maintenance ratings in the average range to questions concerning promptness, quality and responsiveness to concerns for snow and ice removal on expressways, state and county trunk highways, County parkways, and Park and Ride lots.

However, survey responses showed a consistent decline in performance over the two winter seasons for all survey areas, including parkway plowing. Written comments contained both positive and negative feedback. A recurring negative theme was what was perceived as insufficient personnel to do the job (not enough plows out, plowing later and less frequently, slower response to special problems called in).

Conclusions

The consolidation of these like services has resulted in cost savings in 2004 of at least $245,728. However, by mutual agreement of the division administrators, the Parks Division has assumed responsibility for snow plowing operations for three east side areas, including Lincoln Memorial Drive. The main reason given for this move was concern over the timeliness and quality of plowing performed by Highway Maintenance in these areas. According to the Transportation Superintendent, there was no differentiation in service provided to parkways as opposed to state and county trunk highways. Responsibility for road repair for these and all other parkways remains with Highway Maintenance.

According to the Transportation Superintendent, there was no differentiation in service provided to parkways as opposed to state and county trunk highways.

It is unknown at this point from where the funding for this shift back to the Parks Division will come. If additional staff are required to perform this function, it will reduce the savings Highway Maintenance was able to accomplish in 2004.

Given that Highway Maintenance was required to perform the additional responsibilities with only partial funding, it is understandable that different priorities and limited resources have curtailed its ability to satisfy all parties. This includes the Parks Division, which before the merger did not have to compete with other priorities for parkway plowing, and survey respondents who noticed a decline in overall performance.

We believe this is an instance where the merger has the potential for continued future long-term savings.

We believe this is an instance where the merger has the potential for continued future long-term savings, though perhaps not to the extent realized in 2004. We therefore recommend that DPPI management:

12. *Work with Highway Maintenance and Parks Management to address each department's needs, priorities and appropriate funding regarding snowplow operations.*

13. *Obtain feedback annually from knowledgeable users of Highway Maintenance services (such as law enforcement, municipal public works and parks officials, etc.) to identify how well its services are being received, and to help identify strengths to build upon as well as areas potentially needing improvement.*

Section 7: Fleet Management

For 2005, Fleet Management, is part of the Transportation Division of DPPI. It has 71 FTEs, an expenditure budget of $12.3 million and no direct tax levy support, for as an internal service fund it charges out all of its cost to other operating departments that use its services. It controls, manages, and maintains all automotive and small engine equipment owned by the County. It also develops vehicle replacement programs, develops and designs vehicle specifications, manages the County's fuel system, assigns vehicles and equipment to users based on needs and requirements, manages and develops vehicle and equipment disposal through periodic auctions, and authorizes and acquires all vehicles and equipment in the Fleet Equipment Acquisition Capital Budget.

The DPPI merger combined two equipment repair units operating independent of one another.

The DPPI merger combined two equipment repair units operating independent of one another. One was managed by the Fleet Management, while the other was operated by the former Parks Maintenance unit, which worked exclusively on Parks equipment. Five Parks Mower & Equipment Mechanic positions (four which were vacant at the time) and a supervisor were transferred from Parks Maintenance to the Fleet Management Division.

In July 2004, the five Parks Mower and Equipment Mechanic positions were abolished, and in their place five Automotive and Equipment Service Technician positions were created. This position has a broader skills background and can perform the duties of both classifications, thus allowing more flexibility in working on all kinds of equipment. The supervisor position was reclassified to a working supervisor position.

The merger added 793 pieces of equipment to Fleet's inventory of 2,072 vehicles and other equipment to service. Of the 793, 620 were for equipment costing over $2,500 each. In 2004, Fleet worked on 12,684 work orders, representing an increase of 1,496 work orders over the previous year. Of that increase, 1,150 work orders (77%) were related to Parks equipment.

Fiscal Impact of Merger

The Adopted 2004 Budget indicates, "Transferring mower and equipment mechanics to Fleet Management will allow the Department to maximize staff resources to address the variance in peak demand times for equipment repairs, i.e. snow removal equipment in the winter and lawn care equipment in the summer." The elimination of the duplicate services and the flexibility afforded by the reclassification of positions should provide the ability to better handle peak service periods, thereby limiting future need to fund additional positions.

The elimination of the duplicate services and the flexibility afforded by the reclassification of positions should provide the ability to better handle peak service periods.

That benefit has already been realized due to the extent of which Fleet staff serviced equipment previously serviced by Parks Maintenance staff. In 2004, 31 different staff other than the two that transferred as part of the merger worked the equivalent of 2.7 full-time equivalent positions on Parks equipment. Thus, had the merger not taken place, staff time equating to $124,124 would have been needed to meet service needs, or needed service would have been severely delayed or not performed at all. Such delays would have had a domino effect on the productivity of Parks Division staff that relied on their equipment to perform their duties.

The merger does not seem to have had any adverse effect on overall productivity. Records showed that Fleet is fairly current on its maintenance of the pieces of equipment for which it is responsible. We noted that as of March 30, 2005, Fleet had 112 pieces of equipment on which it was actively working, only 15 of which were over 30 days old. A review of these items showed either the work was delayed for valid reasons, or the report was inaccurate as to when the work order was completed.

Handling of Obsolete Inventory

At the time of the merger, Parks Maintenance had a separate parts inventory related to its engine repair operations. Much of this was obsolete because it was for equipment no longer in use. Fleet Management took only what was usable, leaving $90,772 in obsolete inventory.

Obsolete inventory, a normal and expected occurrence for this type of operation, should periodically be written off when it is determined that it is no longer needed.

Obsolete inventory, a normal and expected occurrence for this type of operation, should periodically be written off when it is determined that it is no longer needed. Write-offs of this nature provide a more accurate recording of the value of current inventory and current cost of operations. Conversely, electing to not write off obsolete inventory overstates inventory values, and perhaps more importantly, understates the cost of operations. In this case, the bottom line tax levy effect is understated for the Parks Division for the years that the write-offs should have been recorded.

There was a conflict over which organizational unit, Parks Division or Fleet Management, would have to absorb the $90,722 expense in 2004. As a compromise, the Controller accounted for the loss by charging the expense to a non-departmental revenue organizational unit (1900). While this accounting treatment has no effect on the County's bottom line for the year, it takes away the Parks Division's accountability and responsibility for this expense. According to the Transportation Superintendent, the Fleet Maintenance automated inventory system will assist in readily identifying obsolete inventory for timely write-offs. We recommend that DPPI management:

14. *Ensure that obsolete inventory is periodically written off to more accurately match revenue with the current cost of generating that revenue.*

Section 8: Conclusions

The merger of the former Departments of Public Works and Parks in the 2004 Adopted Budget was a complex undertaking. The timing of the merger made implementation particularly difficult, as a combination of enhanced pension benefits for veteran employees and tight budgets led to the loss of a great number of experienced employees and senior managers. Based on our financial and qualitative analysis of the performance of the combined Department of Parks and Public Infrastructure subsequent to the merger, we make the following observations.

In large part, the merger of two major County departments was accomplished in name only.

- In large part, the merger of two major County departments was accomplished in name only. With a small number of exceptions, the general lack of synergy between the core missions and functions of the two predecessor departments of Parks and Public Works contributed to a failure to achieve a true blending of the organizations into a unified culture. Evidence of this general lack of synergy is the absence of a unified mission statement for the newly created Department of Parks and Public Infrastructure. Lacking a cohesive purpose from which to articulate a unifying mission statement, each division retained its predecessor departmental mission statement. The only mission statement applicable to the combined DPPI is contained in the 2004 and 2005 Adopted Budgets for the Director's Office, which states, "The mission of the DPPI's Director's Office is to provide essential supportive services to DPPI Divisions through oversight, coordination and technical assistance."

- The inability to achieve a truer collaboration may be attributable to an attempt to merge two distinctly different organizational cultures with different missions, management styles and priorities. Symptomatic of this is the difficulty in developing and implementing a clear, universally accepted vision of the consolidated DPPI.

- Further evidence of a lack of compatibility in the core missions of the predecessor departments is the difficulty incurred in conceptualizing the new organization. After numerous iterations of a conceptual organization chart was developed by the Executive Branch during the summer of 2003, a number of hastily designed, significant changes were made during the County Board's deliberation of the 2004 County Executive's Proposed Budget. The resulting blueprint for the merged DPPI was sketchy at best, leaving significant planning work to be accomplished, such as the necessary adjustments to financial accounts to properly reflect changes to organizational structure and associated revenue streams.

Merger implementation was hampered by a void in leadership to develop, communicate and refine a vision for accomplishing the task of consolidation.

- Merger implementation, was hampered by a void in leadership to develop, communicate and refine a vision for accomplishing the task of consolidation. Vacancies in key management positions, most notably the DPPI Director position, contributed to an environment in which roles and responsibilities were unclear, and in which there remains indications of competing interests among the divisions for scarce resources, rather than a sense of cooperation and coordination. A significant number of retirements have resulted in a substantial loss of institutional knowledge, and the need to hold positions vacant to meet budgetary limitations has resulted in the assignment of additional areas of responsibility to remaining managers.

- The absence of leadership and a clear, detailed merger implementation plan may have contributed to an environment in which budgetary control and accountability was compromised. We identified 118 separate purchase orders totaling $289,527 in 2004 that appear to have been initiated and approved for Parks Division purposes, but were funded from Facilities Management accounts. Although it can be argued that both units are organizationally under the same management umbrella, such transactions ignore the lines of accountability established with formal adoption of the annual County budget, which contain separate appropriations for Facilities Management and the Parks Division. It also diminishes the integrity of the control environment established within the County's financial system, which is relied upon by managers, policymakers and others to monitor and evaluate the County's financial condition.

Although survey data suggests some decline in service quality, the process of merging the two predecessor departments into a combined DPPI was successful in achieving the desired goal of maintaining essential services without increasing property tax levy support.

- Although survey data suggests some decline in service quality, the process of merging the two predecessor departments into a combined DPPI in the 2004 Adopted Budget was successful in achieving the desired goal of maintaining essential services without increasing property tax levy support from 2003 levels. In fact, the direct property tax levy cost of operating the combined Department of Parks and Public Infrastructure in 2004 was approximately $500,000 less than the direct property tax levy required to operate two separate pre-merger departments in 2003, even as the fringe benefit cost of remaining personnel rose nearly $4.5 million.

Given the County-wide budgetary goal of a zero property tax levy increase for 2004, it is difficult to attribute all savings achieved to the merger initiative.

However, given the County-wide budgetary goal of a zero property tax levy increase for 2004, it is difficult to attribute these entire savings to the merger initiative, as opposed to the general pattern of austerity and reduced resources. Ultimately, we have concluded that it is fair to say the fiscal

The fiscal impact of merging the departments, in conjunction with associated operational changes and resource reductions, resulted in cost avoidance of at least $7.6 million in achieving a 'bottom line' reduction of $500,000 in direct property tax levy.

impact of merging the departments, in conjunction with associated operational changes and resource reductions, resulted in *cost avoidance* of at least $7.6 million in achieving a 'bottom line' reduction of $500,000 in direct property tax levy.

- While the two predecessor departments of Parks and Public Works lacked an overall synergy, there were certain functional areas where merger implementation has been relatively successful, including snowplowing, road maintenance, median mowing and maintenance, and small engine/equipment repair. These areas appear to have yielded some operational efficiencies and could reap even greater benefits in future years as longer-term equipment savings and experienced-based productivity increases are realized. Consolidation of some engineering functions has also been successful, although there appears to be more opportunity in that area.

Literature indicates that successful merging of independent organizations can take 3-5 years to fully materialize.

- Literature indicates that successful merging of independent organizations can take 3-5 years to fully materialize. Therefore, it could be argued that it is premature to evaluate the long-term effectiveness of the DPPI merger. However, based on our analysis, we do not see indications of an ongoing commitment to proceed with a natural progression of planning, evaluating and revising a merger implementation strategy. Coupled with the general lack of commonality between the core missions and functions of the predecessor departments, it appears unlikely that substantial additional progress will be made in evolving towards a truly unified organizational culture.

It may be prudent to consider reverting back to a two-department structure, but with retention of the improved coordination in certain overlapping functions as described in this report.

In light of our observations, it may be prudent to consider reverting back to a two-department structure, but with retention of the improved coordination in certain overlapping functions as described in this report. DPPI management noted that reverting back to a two-department organizational structure has the potential to negatively impact staff morale, sending a mixed message to staff that have strived to make the merger successful. However, such concerns could be mitigated by a strong commitment to identify, retain and improve those areas of consolidation that have shown promise.

Those areas in which the current merger effort has reflected a degree of success in accomplishing 'more with less' through consolidation and/or coordination include:

- Road maintenance, including road repairs, snowplowing, median strip mowing and maintenance, and grass cutting.

- Small engine and equipment repair.

- Architectural, engineering and environmental services.

In addition, while a true consolidation has not occurred, we believe the following areas hold promise for improved efficiency through consolidation or coordination of resources:

- Skilled trades.

- Transportation engineer (possible consolidation with AE&ES).

Alternatively, it is imperative that a permanent Director of DPPI be appointed.

Alternatively, if the current structure is retained, it is imperative that a permanent Director of DPPI be appointed, and that immediate steps be taken to articulate and direct a singular merger implementation strategy.

Audit Scope

The portion of the Adopted Budget for 2004 which created the Department of Parks and Public Infrastructure from the former Department of Parks and Department of Public Works, also called for an audit to be performed after the merged departments had been in operation for one year. The objective of this audit was to determine the extent to which the merger was able to achieve projected savings and other operational efficiencies while maintaining performance in those areas affected by the merger.

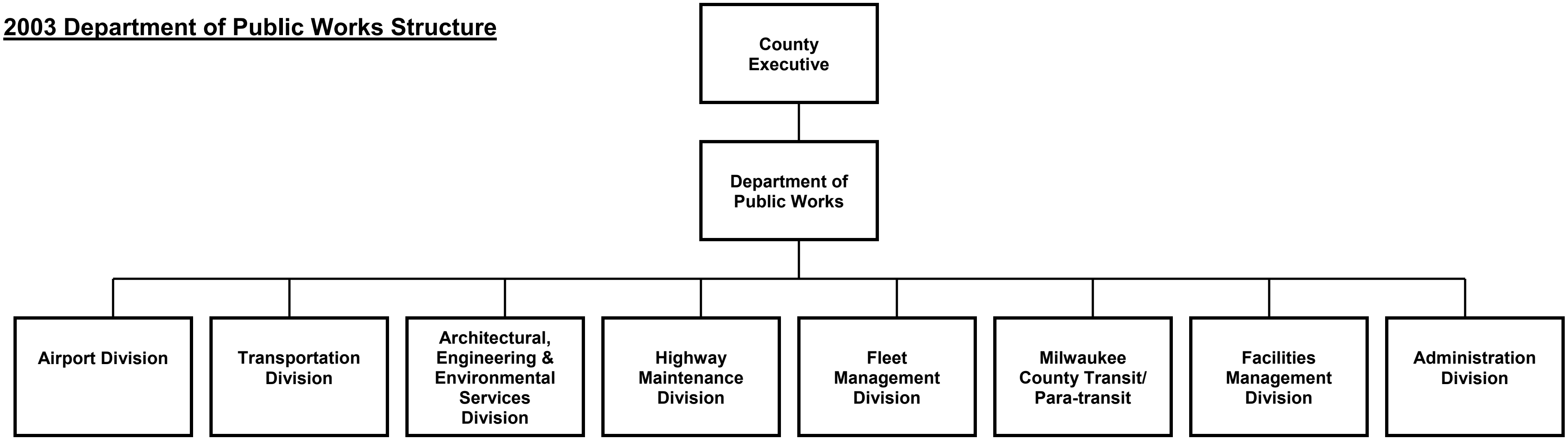
The audit was conducted under standards set forth in the United States Government Accountability Office *Government Auditing Standards (2003 Revision)*, with the exception of the standard related to periodic peer review. Limited resources have resulted in a temporary postponement of the Milwaukee County Department of Audit's procurement of a peer review within the required three-year cycle. However, because the department's internal policies and procedures are established in accordance with Government Auditing Standards, and because this audit was performed in compliance with those policies and procedures, the absence of a peer review did not affect the results of this audit. We limited our review to the areas specified in this Scope Section. During the course of this audit we:

- Interviewed management and staff throughout DPPI;
- Analyzed financial data from Advantage concerning actual costs incurred by DPPI prior to the merger in 2003 and during the first year of operation;
- Reviewed Advantage reports listing purchases made by one organizational unit from the operating budget of another;
- Researched authoritative sources concerning merger-related issues and performance standards;
- Surveyed County and other municipal officials concerning performance before and after the merger for five operational areas;
- Reviewed internal performance reports and other data for five units within DPPI;
- Reviewed applicable federal, state and County statutes, laws, ordinances and regulations relating to performance in selected areas affected by the merger;
- Reviewed County Board files and reports concerning the merger and related issues;
- Reviewed County budget reports detailing by organizational unit the number and associated salary costs of authorized positions and associated personal services lump sum reduction totals; and
- Prepared organizational charts showing the evolution of DPPI both before and after the merger.

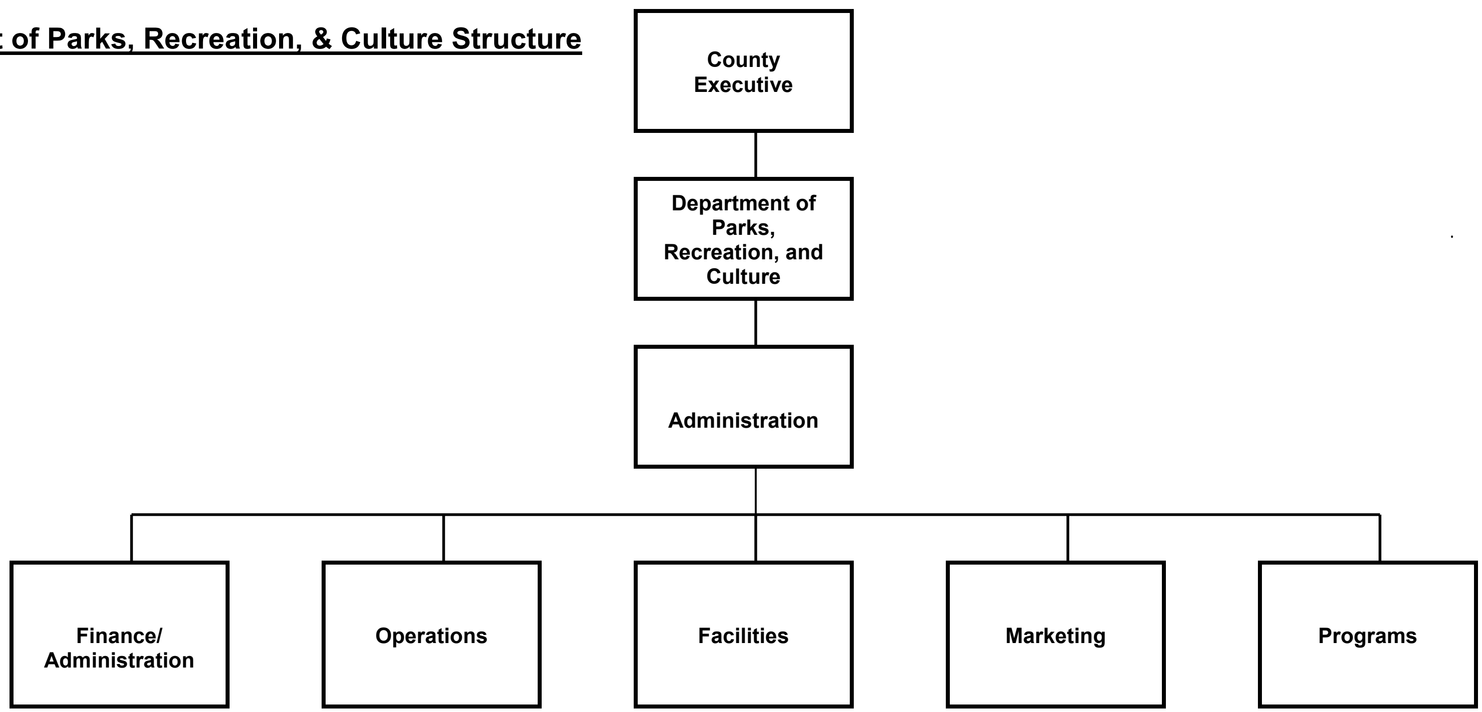
Department of Public Works and Department of Parks, Recreation, & Culture - 2003 Adopted Structure

Exhibit 2

2003 Department of Public Works Structure



2003 Department of Parks, Recreation, & Culture Structure

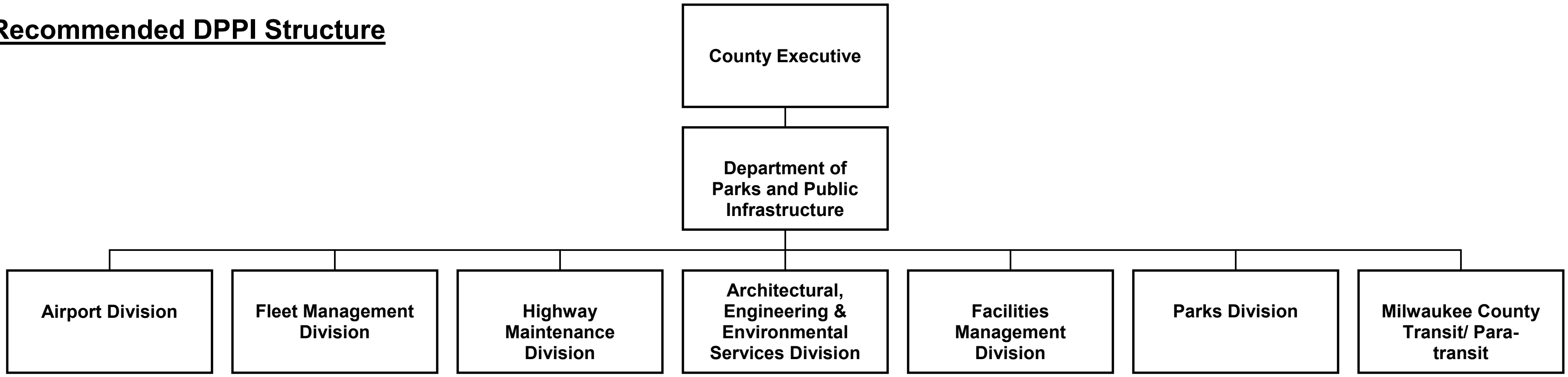


SOURCE: Auditor Prepared Using County Data

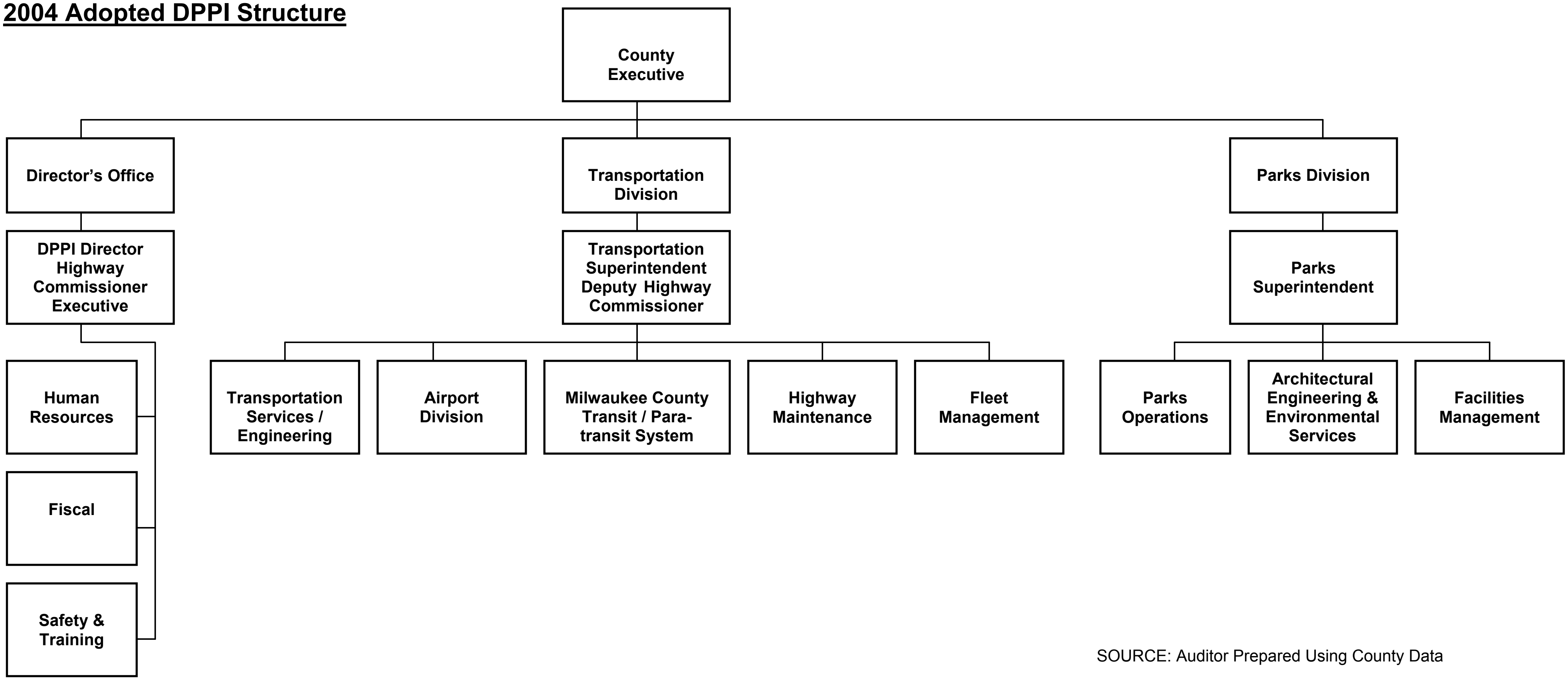
Department of Parks and Public Infrastructure (DPPI)
Comparison of 2004 Recommended vs. 2004 Adopted Structure

Exhibit 3

2004 Recommended DPPI Structure



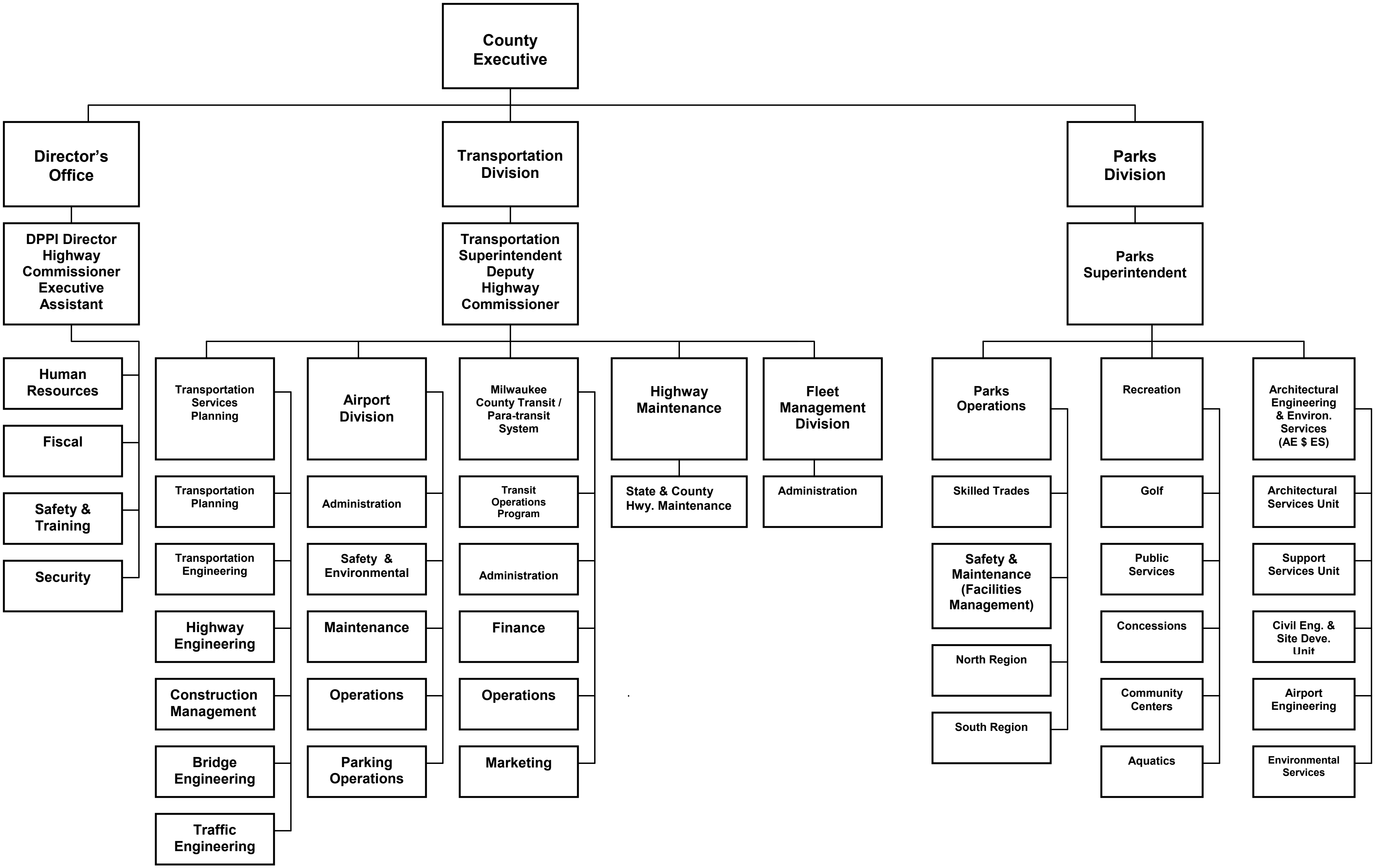
2004 Adopted DPPI Structure



SOURCE: Auditor Prepared Using County Data

Department of Parks and Public Infrastructure (DPPI)
Functional Organizational Chart - 2005

Exhibit 4



SOURCE: Auditor Prepared Using County Data

DEPARTMENT OF PARKS AND PUBLIC INFRASTRUCTURE
PERSONNEL CHANGES

Class Code	Job Title	Action	Division	Salary	SS	Total Cost
	Positions Created					
75017	Director-Dept. of Parks & Public Infrastructure	Create	5801	$120,000	$7,134	$127,134
75024	Executive Assistant	Create	5801	64,106	4,906	69,012
75022	Transportation Superintendent	Create	5083	91,128	6,718	97,846
75023	Transportation Planning Manager	Create	5083	104,674	6,914	111,588
75021	Highway Operations Manager	Create	5190	83,340	6,380	89,720
75004	Superintendent of Parks	Create	9010	101,234	6,862	108,096
75011	Department Regional Manager	Create	9136	56,442	4,312	60,754
40120	Park Maintenance Worker 2 (In-Charge)	Create	9168	41,182	3,156	44,338
75019	Marketing Development Manager	Create	9041	0	0	0
75009	Contract Manager	Create	9031	56,442	4,312	60,754
	Total for Positions Created (10)					$769,242
	Positions Abolished					
00007	Office Support Asst. 2 (former CT2)	Abolish	5801	($23,964)	($1,836)	($25,800)
89800	Director of DPW/Transportation	Unfund	5801	(105,132)	(8,082)	(113,214)
87950	Assoc. Director DPW/T Admin.	Abolish	5801	(106,968)	(8,178)	(115,146)
89880	Deputy Director (DPW/T)	Abolish	5801	(118,476)	(9,258)	(127,734)
88970	Asst. Director-Public Works Development	Abolish	5801	(82,980)	(6,348)	(89,328)
00067	Secretarial Assistant (NR)	Abolish	5801	(34,872)	(2,664)	(37,536)
00067	Secretarial Assistant (NR)	Abolish	5801	(34,872)	(2,664)	(37,536)
89660	Director of Transportation	Abolish	5083	(98,239)	(6,821)	(105,060)
89910	Director Trans. Planning & Program	Abolish	5083	(104,676)	(8,010)	(112,686)
11321	Transportation Planner	Abolish	5083	(53,136)	(4,068)	(57,204)
35750	Engineer	Abolish	5083	(71,904)	(5,508)	(77,412)
00004	Office Support Assistant 1	Abolish	5083	(22,752)	(1,740)	(24,492)
78080	Managing Architect	Abolish	5081	(56,940)	(4,356)	(61,296)
89710	Res. Cont. Manager Construction	Abolish	5081	(64,104)	(4,896)	(69,000)
78000	Managing Engineer (Electrical)	Abolish	5081	(56,940)	(4,356)	(61,296)
00007	Office Support Assistant 2	Abolish	5081	(23,964)	(1,836)	(25,800)
00067	Secretarial Assistant (NR)	Abolish	5081	(27,192)	(2,076)	(29,268)
76060	Director of Highway Operations	Abolish	5190	(83,340)	(6,380)	(89,720)
76740	Asst. Director Facilities Mgmt. Mech.	Abolish	5702	(82,974)	(6,350)	(89,324)
89760	Managing Eng. Facilities Mgmt.	Abolish	5702	(74,014)	(5,662)	(79,676)
65880	Facilities Maintenance Coordinator	Abolish	5702	(54,040)	(4,130)	(58,170)
79540	Regional Manager	Abolish	9155	(74,014)	(5,662)	(79,676)
79710	Budget Manager-Parks	Abolish	9020	(74,014)	(5,662)	(79,676)
40230	Rest/Conc Coordinator Parks	Abolish	9035	(53,856)	(4,118)	(57,974)
88900	Director of Parks	Unfund	9010	(131,598)	(7,302)	(138,900)

Class Code	**Job Title**	**Action**	**Division**	**Salary**	**SS**	**Total Cost**
89200	Deputy Director Parks-Operations	Abolish	9101	(107,442)	(6,952)	(114,394)
89210	Deputy Director Parks-Finance Administration	Abolish	9020	(107,442)	(6,952)	(114,394)
89230	Associate Director Parks-Facilities	Abolish	9031	(94,274)	(6,758)	(101,032)
89220	Associate Director Parks-Marketing	Abolish	9410	(86,196)	(6,588)	(92,784)
89240	Parks Facility Planning Manager	Abolish	9041	(83,338)	(6,376)	(89,714)
00094	Senior Executive Assistant (Parks)	Abolish	9010	(44,518)	(3,412)	(47,930)
41020	Parks Golf Manager	Abolish	9036	(54,040)	(4,130)	(58,170)
70920	Asst. Public Services Coordinator	Abolish	9046	(34,830)	(2,662)	(37,492)
41521	Community Center Supervisor	Abolish	9168	(36,910)	(2,820)	(39,730)
72600	Arts & Crafts Instructor (Seas)	Abolish	9168	(14,950)	(1,144)	(16,094)
72600	Arts & Crafts Instructor (Seas)	Abolish	9168	(15,532)	(1,184)	(16,716)
43031	Special Events Coordinator	Abolish	9171	(39,442)	(3,014)	(42,456)
41300	Park Naturalist Inter. Educator	Abolish	9173	(32,014)	(2,452)	(34,466)
40520	Horticulturist 1	Abolish	9177	(73,820)	(5,640)	(79,460)
40520	Horticulturist 1	Abolish	9177	(33,506)	(2,560)	(36,066)
40520	Horticulturist 1	Abolish	9177	(30,116)	(2,310)	(32,426)
40520	Horticulturist 1	Abolish	9177	(33,792)	(2,584)	(36,376)
40520	Horticulturist 1	Abolish	9177	(35,650)	(2,726)	(38,376)
40590	Park Artist	Abolish	9176	(31,040)	(2,376)	(33,416)
40470	Landscape Services Supervisor	Abolish	9420	(46,274)	(3,544)	(49,818)
40470	Landscape Services Supervisor	Abolish	9420	(48,988)	(3,752)	(52,740)
40490	Asst. Landscape Services Manager	Abolish	9420	(51,584)	(3,948)	(55,532)
40130	Park Unit Coordinator 2 (Horticulture)	Abolish	9177	(43,714)	(3,350)	(47,064)
79540	Regional Manager	Abolish	9125	(74,014)	(5,662)	(79,676)
76690	Human Resources Manager DPW	Abolish	1146	(83,338)	(6,376)	(89,714)
	Total for Positions Abolished/Unfunded					($3,278,960)
	Recap					
	Total for Positions Created					$769,242
	Total for Positions Abolished/Unfunded					($3,278,960)
	Net Savings from Personal Service Changes					**($2,509,718)**
	Offset with Net Revenue Changes due to Abolishments and Creates Salary & SS			Revenue Change		
	Transportation Division	Decrease	5083	($236,972)		
	Architecture, Engineering & Environmental	Decrease	5081	(189,462)		
	Highway	Increase	5199	175,781		
	Net Revenue Change			(250,653)	Offset Savings	$250,653
	Net Savings from Merger					**($2,259,065)**

Exhibit 6

DPPI Administration - Building Security Survey

Rating Scale Key
5 = Very Satisfied / Strongly Agree.
4 = Satisfied / Agree.
3 = Neutral.
2 = Dissatisfied / Disagree.
1 = Very Dissatisfied / Strongly Disagree.

Survey Response Rate	
Total Surveys Mailed	40
Surveys Returned	29
Percentage Rating	73%

1. How satisfied are you with how well security staff controls building access to prevent unauthorized persons from entering?

   a. 2004-05 **3.6**
   b. 2003 **3.2**

2. How satisfied are you with the screening process used to prevent visitors from bringing dangerous items (guns, knives, etc.) into your building? (Courthouse, Safety Building & Children's Court Center only)

   a. 2004-05 **3.6**
   b. 2003 **3.3**

3. How satisfied are you with security in your parking area?

   a. 2004-05 **2.5**
   b. 2003 **3.7**

4. How satisfied are you with your perceived level of safety between your building and your parking area?

   a. 2004-05 **3.0**
   b. 2003 **3.1**

5. How satisfied are you with the promptness of security staff in responding to security complaints or concerns?

   a. 2004-05 **3.5**
   b. 2003 **3.1**

6. How satisfied are you with the helpfulness of security staff in your building?

   a. 2004-05 **3.5**
   b. 2003 **3.2**

7. How satisfied are you with the courteousness of security staff in your building?

   a. 2004-05 **3.5**
   b. 2003 **3.1**

8. Taking into consideration practical fiscal constraints, how satisfied are you with the staffing level of the security detail at your office location?

   a. 2004-05 **3.3**
   b. 2003 **3.2**

9. How would you rate overall building security?

   a. 2004-05 **3.1**
   b. 2003 **2.7**

Facilities Management – Skilled Trades Survey

Rating Scale Key
5 = Very Satisfied / Good
4 = Satisfied / Above Average
3 = Neutral / Average
2 = Dissatisfied / Below Average
1 = Very Dissatisfied / Poor

Survey Response Rate	
Total Surveys Mailed	40
Surveys Returned	29
Percentage Rating	73%

1. How satisfied were you with the helpfulness of the Facilities Management (FM) skilled trades staff?

    a. 2004-05 **4.0**
    b. 2003 **4.1**

2. How satisfied were you with the courteousness of the FM skilled trades staff?

    a. 2004-05 **4.2**
    b. 2003 **4.2**

3. How would you rate the process used to report repair issues?

    a. 2004-05 **2.9**
    b. 2003 **2.8**

4. How would you rate the timeliness of FM staff in responding to emergency repair needs?

    a. 2004-05 **3.2**
    b. 2003 **3.4**

5. How would you rate the timeliness of FM staff in making non-emergency requested repairs?

    a. 2004-05 **2.7**
    b. 2003 **2.8**

6. If repairs took longer than expected, how would you rate FM staff in keeping you informed of issues that impeded progress, along with revised timelines for completion?

    a. 2004-05 **2.8**
    b. 2003 **2.8**

7. How would you rate the quality of the work that was performed?

    a. 2004-05 **4.0**
    b. 2003 **3.9**

8. How would you rate FM staff in addressing complaints or concerns that you raised?

    a. 2004-05 **3.6**
    b. 2003 **3.6**

Facilities Management – Custodial Services Survey

Exhibit 8

Rating Scale Key
5 = Very Satisfied / Strongly Agree.
4 = Satisfied / Agree.
3 = Neutral.
2 = Dissatisfied / Disagree.
1 = Very Dissatisfied / Strongly Disagree.

Survey Response Rate	
Total Surveys Mailed	40
Surveys Returned	29
Percentage Rating	73%

1. How satisfied were you with the helpfulness of the custodial staff?
   a. 2004-05 **3.0**
   b. 2003 **3.2**

2. How satisfied were you with the courteousness of the custodial staff?
   a. 2004-05 **3.8**
   b. 2003 **3.5**

3. The waste baskets and other trash was emptied daily.
   a. 2004-05 **2.5**
   b. 2003 **3.0**

4. How satisfied were you with the how well floors were vacuumed (free of paper, dust, debris)?
   a. 2004-05 **2.3**
   b. 2003 **2.6**

5. How satisfied were you with how well public restrooms were cleaned?
   a. 2004-05 **2.3**
   b. 2003 **2.7**

6. How satisfied were you with how well public restrooms were stocked (soap, toweling, toilet paper, etc.)?
   a. 2004-05 **2.8**
   b. 2003 **3.0**

7. Public areas, such as hallways, lobbies and stairwells, were generally clean and free of debris.
   a. 2004-05 **2.3**
   b. 2003 **2.8**

8. Custodial staff responded promptly to special requests and emergency situations (spills, etc.).
   a. 2004-05 **3.1**
   b. 2003 **3.1**

9. Snow shoveling and ice removal (salting) of sidewalks and pathways was adequately done.
   a. 2004-05 **3.0**
   b. 2003 **3.4**

10. Snow shoveling and ice removal (salting) of sidewalks and pathways was done timely.
   a. 2004-05 **3.0**
   b. 2003 **3.3**

11. The grounds around the building were kept free of loose trash and debris.
   a. 2004-05 **2.6**
   b. 2003 **2.8**

12. My overall rating of how well the custodial staff did their work was:
   a. 2004-05 **2.7**
   b. 2003 **3.0**

Exhibit 9

Highway Maintenance Division – Grass Cutting Survey

Rating Scale Key
5 = Good
4 = Above Average
3 = Average
2 = Below Average
1 = Poor

Survey Response Rate	
Total Surveys Mailed	20
Surveys Returned	13
Percentage Rating	65%

1. Do you cut grass on median strips or along state and county trunk highways running through your municipality?

a.	For 2004:	YES	73%	NO	27%
b.	For 2003:	YES	67%	NO	33%

2. Did Milwaukee County also cut grass on median strips or along state and county trunk highways running through your municipality?

a.	For 2004:	YES	75%	NO	25%
b.	For 2003:	YES	75%	NO	25%

3. If yes, how would you rate the quality of the ***grass cutting*** service provided by Milwaukee County?

   a. For 2004: **2.5**
   b. For 2003: **2.6**

4. If yes, how would you rate Milwaukee County's responsiveness to any reported concerns or issues relating to ***grass cutting*** for which it was responsible?

   a. For 2004: **2.2**
   b. For 2003: **2.3**

5. Do you maintain ***flower beds*** or provide ***other landscaping*** on median strips of state or county trunk highways?

a.	For 2004:	YES	67%	NO	33%
b.	For 2003:	YES	67%	NO	33%

6. Does Milwaukee County also maintain ***flower beds*** or provide ***other landscaping*** on median strips of state and county trunk highways running through your municipality?

a.	For 2004:	YES	8%	NO	92%
b.	For 2003:	YES	8%	NO	92%

7. If yes, how would you rate the quality of the ***flower beds*** or ***other landscaping*** maintained by Milwaukee County?

   a. For 2004: **3.0**
   b. For 2003: **3.0**

8. If yes, how would you rate Milwaukee County's responsiveness to any reported concerns or issues relating to ***flower beds*** or ***other landscaping*** it maintained?

   a. For 2004: **3.0**
   b. For 2003: **3.0**

Highway Maintenance Division – Snowplowing Services Survey **Exhibit 10**

Rating Scale Key
5 = Good
4 = Above Average
3 = Average
2 = Below Average
1 = Poor

Survey Response Rate	
Total Surveys Mailed	80
Surveys Returned	65
Percentage Rating	81%

1. How would you rate Milwaukee County's promptness in snowplowing and salting on ***expressways and ramps***?
   a. 2004-05 **3.4**
   b. 2003-04 **3.9**

2. How would you rate the overall quality of snowplowing and salting on ***expressways and ramps*** (ability to safely drive on expressways and ramps during and immediately after inclement weather)?
   a. 2004-05 **3.2**
   b. 2003-04 **3.7**

3. How would you rate Milwaukee County's responsiveness to special issues (icy ramps, bridges, etc.) that you may have reported relating to the ***expressways***?
   a. 2004-05 **3.4**
   b. 2003-04 **3.8**

4. How would you rate Milwaukee County's promptness in snowplowing and salting on ***state highways and county trunk roads***?
   a. 2004-05 **3.3**
   b. 2003-04 **3.8**

5. How would you rate the overall quality of snowplowing and salting on ***state highways and county trunk roads*** (ability to safely drive on these roads immediately after inclement weather)?
   a. 2004-05 **3.3**
   b. 2003-04 **3.7**

6. How would you rate Milwaukee County's responsiveness to special issues (icy patches, icy bridges, etc.) that you may have reported relating to ***state highways and county trunk roads***?
   a. 2004-05 **3.2**
   b. 2003-04 **3.6**

7. How would you rate Milwaukee County's promptness in snowplowing and salting on ***County parkways*** (i.e., Lincoln Memorial Drive, Menomonee Parkway, Root River Parkway, etc.)?
   a. 2004-05 **2.9**
   b. 2003-04 **3.3**

8. How would you rate the overall quality of snowplowing and salting on ***County parkways*** (ability to safely drive on these roads immediately after inclement weather)?
   a. 2004-05 **3.0**
   b. 2003-04 **3.5**

9. How would you rate Milwaukee County's responsiveness to special issues (icy patches, icy bridges, etc.) that you may have reported relating to ***County parkways***?
   a. 2004-05 **2.9**
   b. 2003-04 **3.5**

10. How would you rate the snowplowing and salting of County ***Park and Ride*** lots?
   a. 2004-05 **3.0**
   b. 2003-04 **3.4**

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

Date: June 7, 2005

To: Jerome Heer, Director of Audits

From: George Torres, Superintendent, Transportation Division, DPPI
Sue Black, Superintendent, Parks Division, DPPI
Julious Hulbert, Associate Director, DPPI

Subject: DPPI Management Response to Audit

We have reviewed the recommendations made by the Department of Audit following their audit of the Department of Parks and Public Infrastructure (DPPI). We appreciate both the effort and cooperation you and your staff demonstrated during the course of this review. Due to the short time period to respond, DPPI asks for continued cooperation for further evaluation should additional issues arise.

Section 1: Overall Fiscal Impact of the Merger

This section of the report needs further explanation. The Audit Report states that "Ultimately, Table 3 clearly shows that the direct property tax levy cost of operating the combined Department of Parks and Public Infrastructure in 2004 was approximately $500,000 less than the direct property tax levy required to operate two separate pre-merger departments in 2003, even as the fringe benefits costs of the remaining personnel rose nearly $4.5 million."

This statement brings into question, were the fringe benefits costs associated with the pension enhancement adjusted to reflect a more equitable 1-to-1 relationship between 2003 and 2004? If not, the direct property tax levy saving from the merged departments would be significantly more.

Section 2: Merger Planning and Implementation

1. Clarify the role of the DPPI Director

The DPPI administration should remain as small and efficient as possible in order to allow resources to be devoted to the operations. The role of the Director must be a leader that understands the role of each Superintendent and their programs. The individual must be impartial to have a balanced Department. The Director must be able to find the synergy in each Division and make a determination as to how the Department can best utilize their services. This person should understand the budget and funding processes, but refrain from slowing the system down. This position must give direction to the Superintendents while seeking feedback of their respected operations.

2. *Recruit and hire a qualified candidate as the DPPI Director as soon as practicable*

DPPI concurs; ultimately the success of the Department requires a Director to provide good leadership, direction, and the ability to balance skills between the two Divisions. A Director should be in place as soon as possible.

3. *Create a plan to articulate a single vision for the development of the department, with managers and staff enlisted in building a strong and unified department that works toward realization of the common vision.*

DPPI concurs; a task force should be developed before implementing any changes to the merger. A task force could be implemented and evolved into an effective tool to determine planning, performance measures, strategy and direction.

Section 3: DPPI – Director's Office

4. *Work with the Sheriff's Emergency Management Bureau to identify and maximize opportunities for appropriate Security officer training, and establish and enforce minimum continuing training requirements for County Security Officers.*

DPPI concurs with this recommendation. Until recently, most of our training has been primarily focused on weapon screening. We have recently attempted to implement other training, but as stated in the audit report, staffing issues have hindered our efforts. Nevertheless, we realize that we must find more creative means to get Security Officers the necessary training to deal with crisis that may not necessarily relate to weapon screening. Consequently, we have already initiated discussions with the Sheriff's Emergency Management Bureau and have identified several upcoming training opportunities. For instance, we are working with the Bureau to secure a federal grant that will allow a majority of our Security Officers to attend a single training class on "Community Emergency Response." Furthermore, we believe converting two full-time security positions to four hourly positions, hiring four additional full-time Security officers and exploring opportunities to train during the weekend, will enhance our ability to provide ongoing training. The Associate Director is responsible for ensuring that we establish and begin enforcing a minimum level of ongoing training standards for Security officers within sixty days.

5. *Maintain a centralized record of ongoing Security officer training and take measures, including the addition of staff if necessary, to ensure that all Security staff comply with minimum continuing training requirements.*

DPPI concurs with this recommendation and will take the following steps to improve its record keeping process on security training:

- Create centralized management records covering the training Security Officers receive;

- Maintain personalized training records in each Security Officer's personnel file; and

- Monitor each Security officer's progress toward compliance with the minimum ongoing training requirements mentioned in recommendation 4 above.

The Associate Director is responsible for ensuring the implementation of this recommendation within sixty days.

6. Provide emergency procedures manuals at all security checkpoints.

DPPI concurs with the recommendation and will provide written emergency procedures manuals at each security checkpoint. The emergency procedures manual will be reviewed, with the assistance of the Emergency Management Bureau, to make sure its contents are current and relevant. All Security officers will be required to familiarize themselves with said procedures until formal training can be provided. The Associate Director is responsible for ensuring implementation of this recommendation.

Section 4: Facilities Management

7. Facility Management failure to merge skill trades in a single location.

DPPI does not concur with this analysis; due to a new role of Chief of Operations a true evaluation of the current staff and their practices was in order. Once evaluated it was determined that the County would be better served with all "Skill Trades" housed out of one central area. The best location for this to happen would be at the current Facilities West site. But due to space limitations for the employees from Facilities East, Central and West, it was determined that a central materials area would need to be developed allowing for more space within the complex. When funding is secured, Facilities is ready to construct the materials building and would be ready to move staff in as soon as the fall of 2005.

7a. Facility Management failure to consolidate the work order systems.

DPPI does not concur with this analysis; in addressing the implementation of an integrated work-order system, the Chief of Operations and other management staff have also been evaluating the two different work-order systems that are currently being used to process work-order information.

The Park Maintenance system, utilized at the 68th and State Street facility, was purchased from a commercial software vendor. While the system is functional, it lacks the flexibility to be modified to accomplish the information management that is needed. The Facility Maintenance system was developed internally by IMSD. While functional, it appears to be coming to end of it useful life in terms of operational needs. The costs to modify the system to meet the perceived needs are cost prohibited. An alternative to this problem could be the development of a relational work-order system that interfaces with the County's VFA (Vanderwhile Facility Assessment) system. By developing a work-order module that interfaces with the VFA, the county would then have a system that provides an annual assessment of all county owned facilities. This assessment tool could be used to determine priorities in the capital development schedule for the budget cycle. By utilizing an integrated work-order system, the county would then be able to determine when prioritized work has been completed.

7b. Facility Management's Staff Reduction

DPPI does not feel the audit report recognized that the "Skill Trades" (plumbers, electricians, painters, carpenters, heating techs, welders, machinists etc.) and "Custodial Services" (Facility Worker I's) were affected by the lay-offs; yet the survey clearly states that services that were provided stayed the same or improved.

8. Use of Facilities Management Budget for Parks Operations

DPPI does concur with Audit's findings; clearly stated within the report, "one school of thought is that there in nothing inherently wrong with the practice of using one organizational unit's budget to supplement another if both are organizationally under the same management umbrella. Viewed from this perspective, since the Parks Superintendent is accountable for both Facilities Management and overall Parks Operations, the divisional 'bottom line' is all that really matters."

As resources and priorities are evaluated the management of any program needs the flexibility to respond in a manner that is beneficial to the program and its customers.

9. *Development of scheduling system based on current resources.*

   DPPI concurs with this and will consider this implementation.

10. *Developing a checklist of custodial duties that need to be preformed, along with the frequency by which they need to be done.*

    DPPI concurs with this and will consider this implementation.

<u>Section 5: AE&ES</u>

11. *Evaluate the potential for savings for consolidating the engineering services provided by the transportation services with similar services provide within AE&ES.*

    While DPPI agrees that this recommendation has been discussed previously and should be considered, we should emphasize that sufficient time and resources need to be allocated to evaluate this proposal. Consolidation of such professional/technical services could offer efficiencies if implemented carefully.

<u>Section 6: Highway Maintenance</u>

12. *Work with Highway Maintenance and Parks Management to address each department's needs, priorities and appropriate funding regarding snowplowing operations.*

    DPPI will continue to work with staff to discuss and negotiate the best method in which to deliver the level of service that may be expected by the end user. It should be noted that the Parks Division assumed the mowing responsibilities for County truck roads. The Highway Division continued to be responsible for the mowing of State owned roads and the Interstate.

    The decision to move the responsibility back to the Parks Division for Lincoln Memorial Drive and other Park roads was a mutual agreement based on the desire by the public to maintain a higher level of service than would be normally provided by the Highway Maintenance Division for these types of roads. The transfer back of staff and funding has yet to be finalized between the Parks and Transportation Divisions.

13. Obtaining feedback annually from knowledgeable users of Highway Maintenance services.

DPPI concurs; feedback from our neighboring communities has always been important, however, the desire for unrealistic levels of service has historically outpaced the County and State's limited resources.

13a. Local municipalities that were surveyed cut their own grass on medians and/or along State and County trunks.

DPPI does not concur; this is inaccurate and while we would certainly entertain more agencies taking over this responsibility, most will have nothing to do with it. Currently, West Allis, Hales Corners, and Wauwatosa, and Greenfield do some very limited mowing in the areas that they believe warrant a higher level of service than allowed by the State or established for County roads and some have connecting highway agreements with the state DOT for small sections. DPPI also question the validity of a survey that asks if "you're satisfied with what you are getting." In all fairness, DPPI provides a level of service that is dictated by State policies and procedures since we are a contractor for the State DOT. It should be noted that in 2005, many new initiatives were implemented into our "winter operations" including enhanced patrolling, additional onboard ground sensors, and anti-icing operations. DPPI were also cited by the DOT for leading the State in this pro-active measure.

Section 7: Fleet Management

14. Fleet Management incorporated a small mower repair shop with a large full service Fleet Management operation.

DPPI concurs; savings realized by the elimination of the need for overtime on the Parks side of the ledger. Where overtime was once needed to catch up on work when Parks maintained their own equipment, Fleet Management is now able to adjust the number of Technicians needed to accomplish the work during normal working hours.

Savings have been realized through a better inventory management plan. Guidelines for such things as minimum/maximum inventory levels, JIT purchasing, and managed obsolescence all add to savings.

Section 8: Conclusion

The audit has pointed out some areas that can be addressed, but it is our overall belief that the merger is progressing in a positive manner through a realization in cost savings, more efficient use of equipment and personnel, preservation of jobs and a cross-trained workforce.

DPPI Management believes to unravel this merger at this point in time would send a mixed message to employees and would raise apprehension about job stability and program direction. The merger developed stability and flexibility while increasing productivity and resource efficiency.